FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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Table of Contents

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

FORM 10-Q

(Mark One)

☑ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2011

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transitional period from _____ to _____

Commission file number: 0-29100

eResearchTechnology, Inc.

(Exact name of registrant as specified in its charter)

Delaware	22-3264604
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1818 Market Street Philadelphia, PA	19103
(Address of principal executive offices)	(Zip code)

215-972-0420
(Registrant' s telephone number, including area code)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date.

The number of shares of Common Stock, $.01 par value, outstanding as of October 21, 2011, was 49,241,483.

eResearchTechnology, Inc. and Subsidiaries

INDEX

Table of Contents

Part 1. Financial Information

Item 1. Financial Statements

eResearchTechnology, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(unaudited)

	December 31, 2010	September 30, 2011
Assets		
Current Assets:		
Cash and cash equivalents	$ 30,343	$ 29,535
Short-term investments	50	50
Investment in marketable securities	648	810
Accounts receivable, less allowance for doubtful accounts of $515 and $549, respectively	37,236	40,456
Inventory	4,698	10,591
Prepaid income taxes	1,988	2,091
Prepaid expenses and other	4,393	5,294
Deferred income taxes	3,431	3,548
Total current assets	82,787	92,375
Property and equipment, net	42,615	51,761
Goodwill	71,637	75,230
Intangible assets	17,187	13,080
Other assets	609	691
Total assets	$ 214,835	$ 233,137
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 7,136	$ 6,147
Accrued expenses	16,162	14,105
Deferred revenues	11,670	13,599
Total current liabilities	34,968	33,851
Deferred rent	2,368	2,450
Deferred income taxes	3,703	4,727
Long-term debt	21,000	21,000
Other liabilities	2,141	1,998
Total liabilities	64,180	64,026
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock − $10.00 par value, 500,000 shares authorized, none issued and outstanding	–	–
Common stock − $.01 par value, 175,000,000 shares authorized, 60,460,782 and 60,837,849 shares issued, respectively	605	608
Additional paid-in capital	100,441	103,487
Accumulated other comprehensive (loss) income	(1,545)	4,707
Retained earnings	131,037	140,238

Treasury stock, 11,589,603 and 11,596,966 shares at cost, respectively	(79,883)	(79,929)
Total stockholders' equity	150,655	169,111
Total liabilities and stockholders' equity	$ 214,835	$ 233,137

The accompanying notes are an integral part of these statements.

eResearchTechnology, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2011	2010	2011
Net revenues:				
Services	$25,929	$25,193	$59,461	$71,586
Site support	19,199	22,890	36,631	61,045
Total net revenues	45,128	48,083	96,092	132,631
Costs of revenues:				
Cost of services	13,526	14,554	29,162	41,325
Cost of site support	11,505	13,574	19,261	36,886
Total costs of revenues	25,031	28,128	48,423	78,211
Gross margin	20,097	19,955	47,669	54,420
Operating expenses:				
Selling and marketing	4,478	4,683	11,827	13,284
General and administrative	7,780	8,141	22,278	22,896
Research and development	1,250	1,898	3,177	5,083
Total operating expenses	13,508	14,722	37,282	41,263
Operating income	6,589	5,233	10,387	13,157
Foreign exchange (losses) gains	(1,745)	695	(1,267)	(580)
Other expense (income), net	(199)	(125)	(181)	(394)
Income before income taxes	4,645	5,803	8,939	12,183
Income tax provision	1,472	1,476	3,188	2,982
Net income	$3,173	$4,327	$5,751	$9,201
Net income per share:				
Basic	$0.06	$0.09	$0.12	$0.19
Diluted	$0.06	$0.09	$0.12	$0.19
Shares used in computing net income per share:				
Basic	48,860	49,234	48,789	49,092
Diluted	49,258	49,311	49,162	49,297

The accompanying notes are an integral part of these statements.

eResearchTechnology, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Nine Months Ended September 30,	
	2010	2011
Operating activities:		
Net income	$5,751	$9,201
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,753	19,202
Cost of sales of equipment	767	14
Share-based compensation	2,048	2,151
Deferred income taxes	(1,043)	912
Loss on disposal of equipment	–	862
Changes in operating assets and liabilities:		
Accounts receivable	(6,429)	(2,966)
Inventory	(984)	(4,331)
Prepaid expenses and other	(640)	(1,185)
Accounts payable	1,622	(668)
Accrued expenses	5,145	(2,096)
Income taxes	(1,125)	(112)
Deferred revenues	1,153	1,882
Deferred rent	(225)	75
Net cash provided by operating activities	18,793	22,941
Investing activities:		
Purchases of property and equipment	(15,987)	(24,964)
Purchases of investments	(999)	–
Proceeds from sales of investments	10,731	–
Payments for acquisition	(82,789)	(117)
Net cash used in investing activities	(89,044)	(25,081)
Financing activities:		
Proceeds from long-term debt	23,000	–
Repayment of long-term debt	(2,000)	–
Proceeds from exercise of stock options	215	771
Stock option income tax benefit	29	17
Repurchase of common stock for treasury	–	(46)
Net cash provided by financing activities	21,244	742
Effect of exchange rate changes on cash	(639)	590
Net decrease in cash and cash equivalents	(49,646)	(808)
Cash and cash equivalents, beginning of period	68,979	30,343
Cash and cash equivalents, end of period	$19,333	$29,535

The accompanying notes are an integral part of these statements.

eResearchTechnology, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements, which include the accounts of eResearchTechnology, Inc. (the "Company," "ERT" or "we") and its wholly-owned subsidiaries, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. Further information on potential factors that could affect our financial results can be found in our Report on Form 10-K for the year ended December 31, 2010 as filed with the Securities and Exchange Commission (SEC). Subsequent events have been evaluated for disclosure and recognition.

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Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ERT and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. We consider our business to consist of one segment which is providing services and customizable medical devices to biopharmaceutical organizations and, to a lesser extent, healthcare organizations.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Our services revenues consist primarily of revenue derived from our cardiac safety (Cardiac Safety), respiratory efficacy (Respiratory) and, to a lesser extent, our electronic patient-reported outcomes (ePRO) solutions that we provide on a fee for services basis. Our services revenues are recognized as the services are performed. We also provide consulting services on a time and materials basis and recognize revenues as we perform the services. Our site support revenue, consisting of equipment rentals and sales along with related supplies and logistics management, are recognized at the time of sale or over the rental period.

At the time of each transaction, management assesses whether the fee associated with the transaction is fixed or determinable and whether or not collection is reasonably assured. If a significant portion of a fee is due after our normal payment terms or upon implementation or customer acceptance, the fee is accounted for as not being fixed or determinable and revenue is recognized as the fees become due or after implementation or customer acceptance has occurred.

Collectability is assessed based on a number of factors, including past transaction history with the customer and the creditworthiness of the customer. If it is determined that collection of a fee is not reasonably assured, the fee is deferred and revenue is recognized at the time collection becomes reasonably assured, which is generally upon receipt of cash. Under a typical contract for Cardiac Safety services, customers pay us a portion of our fee for these services upon contract execution as an upfront deposit, some of which is typically nonrefundable upon contract termination. Revenues are then recognized under Cardiac Safety service contracts as the services are performed.

For arrangements with multiple deliverables entered into prior to 2011, where the fair value of each element is known, the revenue is allocated to each component based on the relative fair value of each element. For arrangements with multiple deliverables where the fair value of one or more delivered elements is not known, revenue is allocated to each component of the arrangement using the residual

method provided that the fair value of all undelivered elements is known. Fair values for undelivered elements are based primarily upon stated renewal rates for future products or services.

For arrangements with multiple deliverables entered into from and after January 1, 2011, the revenue is allocated to each element (both delivered and undelivered items) based on their relative selling prices or management' s best estimate of their selling prices, when vendor-specific or third-party evidence is unavailable.

We have recorded reimbursements received for out-of-pocket expenses incurred as revenue in the accompanying consolidated statements of operations.

Unbilled revenue is revenue that is recognized but is not currently billable to the customer pursuant to contractual terms. In general, such amounts become billable in accordance with predetermined payment schedules, but recognized as revenue as services are performed. Amounts included in unbilled revenue are expected to be collected within one year and are included within current assets.

Business Combinations

On May 28, 2010, we acquired Research Services Germany 234 GmbH (Research Services or RS), which provides respiratory diagnostics services and is a manufacturer of equipment and also offers cardiac safety and ePRO services. We paid $82.7 million for RS. The acquisition and related transaction costs were financed from our existing cash and the $23.0 million drawn from our $40.0 million revolving credit facility through Citizens Bank of Pennsylvania. The credit facility was established on May 27, 2010. See Note 4 for additional disclosure on the RS acquisition and Note 7 for additional disclosure regarding the revolving credit facility.

We allocated the purchase price to the tangible and intangible assets we acquired and liabilities we assumed based on their estimated fair values. This valuation required management to make significant estimates and assumptions, especially with respect to long-lived and intangible assets.

Critical estimates in valuing certain of the intangible assets included but were not limited to: future expected cash flows from customer contracts, customer relationships, proprietary technology and discount rates. Our estimates of fair value were based upon assumptions we believed to be reasonable, but which are inherently uncertain and unpredictable. Assumptions may have been incomplete or inaccurate, and unanticipated events and circumstances may occur.

Concentration of Credit Risk and Significant Customers

Our business depends entirely on the clinical trials that biopharmaceutical and healthcare organizations conduct. Our revenues and profitability will decline if there is less competition in the biopharmaceutical and healthcare industries, which could result in fewer products under development and decreased pressure to accelerate a product approval. Our revenues and profitability will also decline if the FDA or similar agencies in foreign countries modify their requirements in a manner that decreases the need for our solutions.

Financial instruments that potentially subject us to concentration of credit risk consist primarily of trade accounts receivable from companies operating in the biopharmaceutical and healthcare industries. For the nine months ended September 30, 2010, one customer accounted for approximately 24% of net revenues. For the nine months ended September 30, 2011, three customers accounted for approximately 20%, 14% and 13% of net revenues, respectively. The loss of these customers could have a material adverse effect on our operations. We maintain reserves for potential credit losses. Such losses, in the aggregate, have not historically exceeded management' s estimates.

Cash and Cash Equivalents

We consider cash on deposit and in overnight investments and investments in money market funds with financial institutions to be cash equivalents. At the balance sheet dates, cash equivalents consisted primarily of investments in money market funds. At December 31, 2010 and September 30, 2011, approximately $6.9 million and $13.1 million, respectively, was held by our UK subsidiary. At December 31, 2010 and September 30, 2011, approximately $13.1 million and $6.5 million, respectively, was held by our German subsidiary.

Short-term Investments and Investments in Marketable Securities

At September 30, 2011, short-term investments consisted of an auction rate security issued by a municipality while marketable securities consisted of publicly-traded shares of common stock received from the buyer of certain assets of our electronic data capture (EDC) operations. Available-for-sale securities are carried at fair value, based on quoted market prices, with unrealized gains and losses reported as a separate component of stockholders' equity. We classified our short-term investments and investment in marketable securities at December 31, 2010 and September 30, 2011 as available-for-sale. At December 31, 2010 and September 30, 2011, unrealized gains and losses were immaterial. Realized gains and losses during the nine months ended September 30, 2010 and 2011 were immaterial. For purposes of determining realized gains and losses, the cost of the securities sold is based upon specific identification.

Inventory

We compute inventory cost on a first-in, first-out basis (FIFO). We reduce the carrying value of inventories to a lower of cost or market basis for those items that are potentially excess, obsolete or slow-moving. We record charges for inventory obsolescence based upon sales trends and age of on-hand inventory. Work-in-process and finished goods inventories include raw materials, direct labor and manufacturing overhead. Finished goods inventories include equipment that may be sold directly to customers or transferred to rental equipment in property and equipment. We also may, on occasion, sell rental equipment, as described below in Property and Equipment.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of three years for computer and other equipment, two to four years for rental equipment, five years for furniture and fixtures and three to five years for system development costs. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the remaining lease term. Repair and maintenance costs are expensed as incurred. Improvements and betterments are capitalized. Depreciation expense was $3.2 million and $3.5 million for the three months ended September 30, 2010 and 2011, respectively, and $6.8 million and $10.1 million for the nine months ended September 30, 2010 and 2011, respectively.

We capitalize costs associated with internally developed and/or purchased software systems for new products and enhancements to existing products that have reached the application development stage and meet recoverability tests. These costs are included in property and equipment. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and payroll and payroll-related expenses for employees who are directly associated with and devote time to the internal-use software project.

Amortization of capitalized software development costs is charged to costs of revenues. Amortization of capitalized software development costs was $0.9 million and $1.4 million for the three months ended September 30, 2010 and 2011, respectively, and $2.7 million and $3.5 million for the nine months ended September 30, 2010 and 2011, respectively. For the nine month periods ended September 30, 2010 and 2011, we capitalized $4.3 million and $10.7 million, respectively, of software development costs. As of September 30, 2011, $10.5 million of capitalized costs had not yet been placed in service and were therefore not being amortized.

The largest component of property and equipment is rental equipment which we manufacture internally and also purchase from third parties. Our customers use the rental equipment to perform Cardiac Safety, Respiratory and ePRO tests and collect and send the related data to us. We provide this equipment to customers primarily through rentals via cancellable agreements although, in some cases, we sell equipment outright to customers on a non-recourse basis. The equipment rentals and sales are included in our services agreements with our customers and the decision to rent or buy equipment is made by our customers prior to the start of the study. The decision to buy rather than rent is usually predicated upon the economics to the customer based upon the length of the study and the number of diagnostic tests to be performed each month. The longer the study and the fewer the number of tests performed, the more likely it is that the customer may request to purchase equipment rather than rent. Regardless of whether the customer rents or buys the equipment, we consider the resulting cash flow to be part of our operations and reflect it as such in our consolidated statements of cash flows.

Our services agreements contain multiple elements. As a result, significant contract interpretation is sometimes required to determine the appropriate accounting. In doing so, we consider factors such as whether the deliverables specified in a multiple element arrangement should be treated as separate units of accounting for revenue recognition purposes and, if so, how the contract value should be allocated among the deliverable elements and when to recognize revenue for each element.

The gross cost for rental equipment was $56.2 million and $66.7 million at December 31, 2010 and September 30, 2011, respectively. The accumulated depreciation for rental equipment was $35.9 million and $44.8 million at December 31, 2010 and September 30, 2011, respectively.

Goodwill

The carrying value of goodwill was $71.6 million and $75.2 million as of December 31, 2010 and September 30, 2011, respectively. The change in goodwill was due to foreign currency translation. See Note 4 for additional disclosure regarding the RS and Covance Cardiac Safety Services (CCSS) acquisitions. Goodwill is not amortized but is subject to an impairment test at least annually. We perform the impairment test annually as of December 31 or more frequently if events or circumstances indicate that the value of goodwill might be impaired. No provisions for goodwill impairment were recorded during 2010 or during the nine months ended September 30, 2011.

When it is determined that the carrying value of goodwill may not be recoverable, measurement of any impairment will be based on a projected discounted cash flow method using a discount rate commensurate with the risk inherent in the current business model.

Long-lived Assets

When events or circumstances so indicate, we assess the potential impairment of our long-lived assets based on anticipated undiscounted cash flows from the assets. Such events and circumstances include a sale of all or a significant part of the operations associated with the long-lived asset, or a significant decline in the operating performance of the asset. If an impairment is indicated, the

amount of the impairment charge would be calculated by comparing the anticipated discounted future cash flows to the carrying value of the long-lived asset. No impairment was indicated during either of the nine-month periods ended September 30, 2010 or 2011.

Software Development Costs

Research and development expenditures related to software development are charged to operations as incurred. We capitalize certain software development costs subsequent to the establishment of technological feasibility. Because software development costs have not been significant after the establishment of technological feasibility, all such costs have been charged to expense as incurred.

Share-Based Compensation

Accounting for Share-Based Compensation

Share-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. The aggregate share-based compensation expense recorded in the consolidated statements of operations was $0.6 million and $0.7 million for the three months ended September 30, 2010 and 2011, respectively and $2.1 million and $2.2 million for the nine months ended September 30, 2010 and 2011, respectively.

Valuation Assumptions for Options Granted

The fair value of each stock option granted during the nine months ended September 30, 2010 and 2011 was estimated at the date of grant using Black-Scholes, assuming no dividends and using the weighted-average valuation assumptions noted in the following table.

	2010		2011	
Risk-free interest rate	2.44	%	2.18	%
Expected dividend yield	0.00	%	0.00	%
Expected life	3.8 years		4.2 years	
Expected volatility	61.73	%	59.27	%

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time outstanding) of the stock options granted was estimated using the historical exercise behavior of employees. Expected volatility was based on historical volatility for a period equal to the stock option' s expected life, calculated on a daily basis. Fluctuations in the market that affect these estimates could have an impact on the resulting compensation cost. The above assumptions were used to determine the weighted-average per share fair value of $3.24 and $3.07 for stock options granted during the first nine months of 2010 and 2011, respectively.

Equity Incentive Plans

In 1996, we adopted a stock option plan (the "1996 Plan") that authorized the grant of both incentive and non-qualified options to acquire up to 9,450,000 shares of the Company' s common stock, as subsequently amended. Our Board of Directors determined the exercise price of the options under the 1996 Plan. The exercise price of incentive stock options was not below the market value of the common stock on the grant date. Incentive stock options under the 1996 Plan expire ten years from the grant date and are exercisable in accordance with vesting provisions set by the Board, which generally are over three to five years. No additional options have been granted under this plan, as amended, since December 31, 2003 and no additional options may be granted thereunder in accordance with the terms of the 1996 Plan.

In May 2003, the stockholders approved a new stock option plan (the "2003 Plan") that authorized the grant of both incentive and non-qualified options to acquire shares of our common stock and provided for an annual option grant of 10,000 shares to each outside director. The Compensation Committee of our Board of Directors determines or makes recommendations to our Board of Directors regarding the recipients of option grants, the exercise price and other terms of the options under the 2003 Plan. The exercise price of incentive stock options may not be set below the market value of the common stock on the grant date. Incentive stock options under the 2003 Plan expire ten years from the grant date, or at the end of such shorter period as may be designated by the Compensation Committee, and are exercisable in accordance with vesting provisions set by the Compensation Committee, which generally are over four years.

On April 26, 2007, the stockholders approved the adoption of the Company' s Amended and Restated 2003 Equity Incentive Plan (the "Amended 2003 Plan") which included prohibition on repricing of any stock options granted under the Plan unless the stockholders approve such repricing and permitted awards of stock appreciation rights, restricted stock, long term performance awards and performance shares in addition to grants of stock options. On April 29, 2009 the Board of Directors approved a revised amendment to the Amended 2003 Plan that provides for the inclusion of restricted stock units in addition to the other equity-based awards authorized thereunder and eliminated the fixed option grants to outside directors. Restricted stock was granted for the first time in 2010 and is being

recorded as compensation expense over the one-year to four-year vesting period for grants to the Company' s directors and management. On April 28, 2011, our stockholders approved an amendment to the Amended 2003 Plan that increased the number of shares reserved for issuance thereunder by 3.5 million shares. In accordance with the terms of the Amended 2003 Plan, there are a total of 10,818,625 shares reserved for issuance under the Amended 2003 Plan and there were 4,449,227 shares available for grant as of September 30, 2011.

Information regarding the stock option and equity incentive plans for the nine months ended September 30, 2011 is as follows:

Share Options	Shares	Weighted Average Exercise Price	Remaining Contractual Term (in years)	Intrinsic Value (in thousands)
Outstanding as of January 1, 2011	4,727,943	$9.36		
Granted	1,011,474	6.41		
Exercised	(240,554)	3.21		
Cancelled/forfeited	(414,655)	9.31		
Outstanding as of September 30, 2011	5,084,208	$9.07	4.1	$68
Options exercisable or expected to vest at September 30, 2011	4,787,224	$9.24	4.0	$68
Options exercisable at September 30, 2011	3,104,313	$10.75	3.0	$68

Restricted Stock	Shares	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2011	153,785	$6.28
Granted	196,254	6.41
Vested	(52,550)	6.60
Cancelled/forfeited	(4,410)	7.37
Outstanding as of September 30, 2011	293,079	$6.29

The aggregate intrinsic value in the share options table above represents the total pre-tax intrinsic value (the difference between the closing price of our common stock on the last trading day of the second quarter of 2011 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 30, 2011. This amount changes based on the fair market value of the Company' s common stock. The total intrinsic value of options exercised for the nine months ended September 30, 2010 and 2011 was approximately $0.2 million and $0.7 million, respectively.

As of September 30, 2011, there was $5.8 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements (including stock options and restricted stock awards) granted under the plans. That cost is expected to be recognized over a weighted-average period of 2.4 years.

Tax Effect Related to Share-based Compensation Expense

Income tax effects of share-based payments are recognized in the consolidated financial statements for those awards that will normally result in tax deductions under existing tax law. Under current U.S. federal tax law, we receive a compensation expense deduction related to non-qualified stock options only when those options are exercised. Accordingly, the consolidated financial statement recognition of compensation cost for non-qualified stock options creates a deductible temporary difference which results in a deferred tax asset and a corresponding deferred tax benefit in the consolidated statements of operations. We do not recognize a tax benefit for compensation expense related to incentive stock options (ISOs) unless the underlying shares are disposed of in a disqualifying disposition. Accordingly, compensation expense related to ISOs is treated as a permanent difference for income tax purposes. The tax benefit recognized in our consolidated statements of operations for each of the nine-month periods ended September 30, 2010 and 2011 related to stock-based compensation expense was approximately $0.3 million.

Note 3. Fair Value of Financial Instruments

A fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Fair value is based upon an exit price model.

We measure certain financial assets and liabilities at fair value on a recurring basis, including available-for-sale securities. Available-for-sale securities as of September 30, 2011 consisted of an auction rate security, or ARS, issued by a municipality and publicly- traded shares of common stock. Available-for-sale securities are included in short-term investments in our consolidated balance sheets with the exception of the common stock which is included in investment in marketable securities. The marketable securities are included in investments in marketable securities in our consolidated balance sheets. The three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or Inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

The following tables represent our fair value hierarchy for financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of December 31, 2010 and September 30, 2011 (in thousands):

	Fair Value Measurements at December 31, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$30,343	$ 30,343	$ –	$–
Municipal securities	50	–	–	50
Marketable securities	648	–	648	–
Total	$31,041	$ 30,343	$ 648	$50

	Fair Value Measurements at September 30, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$29,535	$ 29,535	$ –	$–
Municipal securities	50	–	–	50
Marketable securities	810	–	810	–
Total	$30,395	$ 29,535	$ 810	$50

Cash and cash equivalents consist primarily of checking accounts and highly rated money market funds with original maturities of three months or less. The original cost of these assets approximates fair value due to their short term maturity. Bank debt consists of loans drawn under our bank credit facility. Based on our assessment of the current financial market and corresponding risks associated with the debt, we believe that the carrying amount of bank debt at September 30, 2011 approximates fair value based on the level 2 valuation hierarchy of the fair value measurements standard.

Note 4. Business Combinations

Research Services (RS)

On May 28, 2010, we acquired RS. See Note 2 for a summary of the terms of this acquisition. We have included RS' s operating results in our consolidated statements of operations from the date of the acquisition. We paid $82.7 million for RS and additionally incurred transaction costs of $4.1 million. The tax bases of the assets acquired and liabilities assumed in the RS transaction were stepped-up to fair value at the date of the RS acquisition.

Pro Forma Results

The unaudited financial information in the table below summarizes the combined results of operations for us and RS on a pro forma basis as though the companies had been combined as of the beginning of each of the periods presented after giving effect to certain adjustments. The unaudited pro forma financial information for the nine months ended September 30, 2010 combines our historical results for this period with the historical results for the comparable reporting period for RS. Our historical results of operations for the nine months ended September 30, 2011 include the results of RS. The unaudited pro forma financial information below is for informational purposes only and is not indicative of the results of operations or financial condition that would have been achieved if the acquisition would have taken place at the beginning of each of the periods presented and should not be taken as indicative of our future consolidated results of operations or financial condition. Acquisition-related transaction costs of $4.0 million were excluded from the pro forma results for the nine months ended September 30, 2010. Pro forma adjustments are tax-effected at our effective tax rate.

	Nine Months Ended September 30, 2010
	(Unaudited, in thousands except per share amounts)
Revenue	$ 124,432
Operating income	16,153
Net income	9,807
Basic net income per share	$ 0.20
Diluted net income per share	$ 0.20

Covance Cardiac Safety Services, Inc. (CCSS)

On November 28, 2007, we completed the acquisition of CCSS from Covance Inc. (Covance). The following table sets forth the activity and balance of our accrued liability relating to lease costs associated with the closing of CCSS operations, which is included in "Accrued expenses" and "Other liabilities" on our Consolidated Balance Sheets (in thousands):

	Lease Liability
Balance at December 31, 2010	$1,901
Cash payments	$(404)
Balance at September 30, 2011	$1,497

Goodwill

The following tables reflect changes in the carrying value of goodwill:

Balance at December 31, 2010	71,637
Currency translation adjustments	3,593
Balance at September 30, 2011	$75,230

Goodwill increased $2,579 and intangible assets increased $1,124 as of September 30, 2011 for foreign currency translation adjustments related to fiscal 2010.

Note 5. Inventory

Inventory consisted of the following:

	December 31, 2010	September 30, 2011
Raw materials	$ 2,196	$ 6,358
Work in process	843	1,343
Finished goods	1,659	2,890
	$ 4,698	$ 10,591

Note 6. Intangible Assets

Amortization of intangible assets represents the amortization of the intangible assets from the RS and CCSS acquisitions. The gross and net carrying amounts of the acquired intangible assets as of December 31, 2010 and September 30, 2011 were as follows (in thousands):

	December 31, 2010				
Description	Gross Value	Accumulated Amortization	Net Book Value		Estimated Useful Life (in years)
CCSS:					
Customer Relationships	1,700	524	$1,176		10
Total	$1,700	$524	$1,176		
RS:					
Backlog	$12,782	$4,687	$8,095	*	4
Technology	8,248	602	7,646		8
Covenants not-to-compete	319	49	270		4
Total	$21,349	$5,338	$16,011		

	September 30, 2011				
Description	Gross Value	Accumulated Amortization	Net Book Value		Estimated Useful Life (in years)
CCSS:					
Customer Relationships	1,700	652	$1,048		10
Total	$1,700	$652	$1,048		
RS:					
Backlog	$13,763	$9,508	$4,255	*	4
Technology	9,031	1,485	7,546		8
Covenants not-to-compete	348	117	231		4
Total	$23,142	$11,110	$12,032		

* RS backlog is being amortized over four years on an accelerated basis.

The related amortization expense reflected in our consolidated statements of operations for the three and nine months ended September 30, 2010 was $2.4 million and $3.1 million, respectively. The related amortization expense reflected in our consolidated statements of operations for the three and nine months ended September 30, 2011 was $1.9 million and $5.8 million, respectively.

Estimated amortization expense for the remaining estimated useful life of the acquired intangible assets is as follows for the years ending December 31 (in thousands):

	Amortization of Intangible Assets		
Years ending December 31,	CCSS	RS	Total
2011	$43	$1,849	$1,892
2012	$170	3,555	3,725
2013	$170	1,593	1,763
2014	$170	1,168	1,338
2015	$170	1,132	1,302
Thereafter	$326	2,735	3,061
Total	$1,048	$12,032	$13,080

Note 7. Credit Agreement

We have a credit agreement (Credit Agreement) with Citizens Bank of Pennsylvania (Lender) which provides for a $40 million revolving credit facility, with an additional $10.0 million increase option subject to bank approval. As of September 30, 2011, we had outstanding $21.0 million under our line of credit and $19.0 million remained available for us to borrow. At our option, borrowings under the Credit Agreement bear interest either at the Lender' s prime rate or at a rate equal to LIBOR plus a margin ranging from 1.00% to 1.75% based on our senior leverage ratio as calculated under the Credit Agreement. In addition, we pay a quarterly unused commitment fee ranging from 0.10% to 0.20% of the unused commitment based on our senior leverage ratio. For the nine months ended September 30, 2011, the annual interest rate ranged from 1.19% to 1.51% and the unused commitment fee ranged from 0.10 to 0.15% resulting in expenses of $0.2 million. Borrowings under the Credit Agreement may be prepaid at any time in whole or in part without premium or penalty, other than customary breakage costs, if any. The Credit Agreement terminates, and any outstanding borrowings mature, on May 27, 2013.

The Credit Agreement requires us to maintain a maximum senior leverage ratio of 2.0 to 1.0 and a minimum debt service coverage ratio of 1.5 to 1.0, in each case as calculated under the Credit Agreement. The Credit Agreement contains other customary affirmative and negative covenants and customary events of default.

At September 30, 2011, we were in compliance with all debt covenants. Borrowings under the line of credit are secured by 65% of the capital stock of certain of our foreign subsidiaries.

Note 8. Net Income per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period, adjusted for the dilutive effect of common stock equivalents, which consist of stock options. The dilutive effect of stock options is calculated using the treasury stock method.

The tables below set forth the reconciliation of the numerators and denominators of the basic and diluted net income per common share computations (in thousands, except per share amounts):

Three Months Ended September 30,	Net Income	Shares	Per Share Amount
2010			
Basic net income	$3,173	48,860	$0.06
Effect of dilutive shares	–	398	–
Diluted net income	$3,173	49,258	$0.06
2011			
Basic net income	$4,327	49,234	$0.09
Effect of dilutive shares	–	77	–
Diluted net income	$4,327	49,311	$0.09

Nine Months Ended September 30,	Net Income	Shares	Per Share Amount
2010			
Basic net income	$5,751	48,789	$0.12
Effect of dilutive shares	–	373	–
Diluted net income	$5,751	49,162	$0.12
2011			
Basic net income	$9,201	49,092	$0.19
Effect of dilutive shares	–	205	–
Diluted net income	$9,201	49,297	$0.19

In computing diluted net income per common share, options to purchase 2,609,000 and 4,180,000 shares of common stock were excluded from the computations for the three months ended September 30, 2010 and 2011, respectively, and options to purchase 2,731,000 and 3,353,000 shares of common stock were excluded from the computations for the nine months ended September 30, 2010 and 2011, respectively. These options were excluded from the computations because the exercise prices of such options were greater than the average market price of our common stock during the respective period.

Note 9. Comprehensive Income (Loss)

We are required to classify items of other comprehensive income (loss) by their nature in the financial statements and display the accumulated balance of other comprehensive income (loss) separately from retained earnings and additional paid-in-capital in the stockholders' equity section of the balance sheet. Our comprehensive income (loss) includes net income and unrealized gains and losses from marketable securities and foreign currency translation as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2011	2010	2011
Net income	$3,173	$4,327	$5,751	$9,201

Other comprehensive (loss) income :

Change in unrealized (losses) gains on marketable securities	(211)	(162)	(246)	162
Currency translation adjustment	4,206	(5,544)	1,822	6,090
Comprehensive income (loss), net of tax	$7,168	$(1,379)	$7,327	$15,453

Comprehensive income increased $3,703 for the nine months ended September 30, 2011 for foreign currency translation adjustments related to fiscal 2010 for our goodwill and intangible assets.

Note 10. Recent Accounting Pronouncements

In September 2009, the FASB issued a new accounting standard regarding revenue arrangements with multiple deliverables. As codified in ASC 605-25 (formerly Emerging Issues Task Force Issue No. 08-1, Revenue Arrangements with Multiple Deliverables), this accounting standard sets forth requirements that must be met for an entity to recognize revenue from the sale of a delivered item that is part of a multiple-element arrangement when other items have not yet been delivered. One of those current requirements is that there be objective and reliable evidence of the standalone selling price of the undelivered items, which must be supported by either vendor-specific objective evidence (VSOE) or third-party evidence (TPE).

This consensus eliminates the requirement that all undelivered elements have VSOE or TPE before an entity can recognize the portion of an overall arrangement fee that is attributable to items that already have been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-element arrangement, entities will be required to estimate the selling prices of those elements. The overall arrangement fee will be allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity' s estimated selling price. Application of the "residual method" of allocating an overall arrangement fee between delivered and undelivered elements will no longer be permitted. The accounting standard was effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The adoption of this consensus did not have a material impact on our consolidated financial statements.

In January 2010, the FASB issued Accounting Standard Update (ASU) 2010-06 which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. The FASB also clarified existing fair-value measurement disclosure guidance about the level of disaggregation, inputs, and valuation techniques. Except for the detailed Level 3 roll forward disclosures, we adopted this standard effective January 1, 2010. The adoption of this aspect of the accounting standard did not have any impact on our consolidated financial statements. The new disclosures about purchases, sales, issuances, and settlements in the roll forward activity for Level 3 fair-value measurements were effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of these requirements did not have a material impact on our consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04 which represents the converged guidance of the FASB and the IASB (the "Boards") on fair value measurements. The collective efforts of the Boards and their staffs, reflected in ASU 2011-04, have resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term "fair value." The Boards have concluded the common requirements will result in greater comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRSs. The amendments in this ASU are required to be applied prospectively, and are effective for interim and annual periods beginning after December 15, 2011. We do not expect that the adoption of ASU 2011-04 will have a significant impact on our consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, we must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective for public companies during the interim and annual periods beginning after Dec. 15, 2011 with early adoption permitted. The adoption of ASU 2011-05 will not have an impact on our consolidated financial statements as it only requires a change in the format of the current presentation.

In September 2011, the FASB issued ASU 2011-08, which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit' s fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit' s fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This update is effective for annual and interim goodwill impairment tests performed in fiscal years beginning after December 15, 2011, which will require us to adopt these provisions in fiscal 2012, however, early adoption is permitted. The adoption of ASU 2011-08 will not have an impact on our consolidated financial statements.

Note 11. Income Taxes

At December 31, 2010 and September 30, 2011, we had $0.5 million and $0.3 million, respectively, of unrecognized tax benefits, all of which would affect our effective tax rate if recognized. We recognize interest and penalties related to unrecognized tax benefits

in income tax expense. The tax years 2006 through 2010 remain open to examination by the major taxing jurisdictions to which we are subject.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2006. The examination of our 2006 and 2007 UK income tax returns by HM Revenue and Customs concluded in 2011 with no net adjustment. As a result, we reversed the $0.2 million reserve for unrecognized tax benefits during the three months ended June 30, 2011, in connection with this examination that we initially recorded in the fourth quarter of 2010.

Our effective income tax rate was 31.7% and 25.4% for the three months ended September 30, 2010 and 2011, respectively, and 35.7% and 24.5% for the nine months ended September 30, 2010 and 2011, respectively. Our effective income tax rate for the three and nine months ended September 30, 2011 benefited from the lower tax rates applicable to the RS operations in Germany, the organizational restructuring activities undertaken during the latter half of 2010 and the $0.2 million reversal of the provision for unrecognized tax benefits noted above. The corporate income tax rate for the United Kingdom was reduced from 28% to 26% after receiving Royal Assent in July 2011, retroactive to April 2011.

Note 12. Related Party Transactions

Our Executive Vice President and Chief Scientific Officer, Dr. Morganroth, is a cardiologist who, through his wholly-owned professional corporation, provides medical professional services on behalf of the Company. Under this arrangement, Dr. Morganroth' s professional corporation receives a percentage fee of 80% of the net amounts we bill for Dr. Morganroth' s services to our customers (Percentage Fees). Our President and Chief Executive Officer is responsible for assigning the consulting work to internal and external resources, including Dr. Morganroth, based upon the requirements of the engagement. We recorded revenues in connection with services billed to customers under the consulting arrangement of approximately $0.4 million and $0.3 million in the three months ended September 30, 2010 and 2011, respectively, and $1.0 million in each of the nine-month periods ended September 30, 2010 and 2011. We incurred Percentage Fees of approximately $0.3 million in each of the three-month periods ended September 30, 2010 and 2011, respectively, and $0.8 million and $1.0 million in the nine months ended September 30, 2010 and 2011, respectively. At December 31, 2010 and September 30, 2011, we owed $0.2 million to the professional corporation for Percentage Fees. These amounts are included in accounts payable.

Note 13. Commitments and Contingencies

We have a long-term strategic relationship with Healthcare Technology Systems, Inc. (HTS), a leading authority in the research, development and validation of computer administered clinical rating instruments. The strategic relationship includes the exclusive licensing (subject to one pre-existing license agreement) of 57 Interactive Voice Response (IVR) clinical assessments offered by HTS along with HTS' s IVR system. As of September 30, 2011, we had paid HTS $1.5 million for the license and $1.0 million in advance payments against future royalties. As of September 30, 2011, HTS had earned royalties of $0.3 million, which were offset against the advance royalty payments. Future royalty payments will be made to HTS based on the level of ePRO revenues received from the assessments and the IVR system, and such royalties will be applied against the advance royalty payments.

On November 28, 2007, we completed the acquisition of CCSS. The acquisition included a marketing agreement under which Covance is obligated to use us as its provider of centralized cardiac safety solutions, and to offer these solutions to Covance' s customers, on an exclusive basis, for a 10-year period, subject to certain exceptions. We expense payments to Covance based upon a portion of the revenues we receive during each calendar year of the 10-year term that are based primarily on referrals made by Covance under the agreement. The agreement does not restrict our continuing collaboration with our other key CRO, Phase I units, Academic Research Centers and other strategic partners.

We offer warranties on certain products for various periods of time. We accrue for the estimated cost of product warranties at the time revenue is recognized. Our product warranty liability reflects management' s best estimate of probable liability based on current and historical product sales data and warranty costs incurred.

Our costs in Germany are subject to foreign exchange fluctuations as the majority of these costs are paid in euros. We enter into foreign exchange contracts to mitigate such foreign exchange fluctuations. These contracts are not designated as hedging instruments and changes in fair value are immediately recognized into earnings in the line item foreign exchange (losses) gains. The activity for the quarter ended September 30, 2011 was as follows:

	Amount	Avg Rate
Forward Contracts entered in Q3 2011	$5.9 million	$1.40
Forward Contracts settled in Q3 2011	$13.9 million	$1.42
Forward Contracts open at September 30, 2011	$0.0 million	N/A

For the nine months ended September 30, 2011, we entered into $31.6 million of foreign exchange forward contracts; $31.6 million matured and none was outstanding at September 30, 2011. In October 2011, we entered into forward contracts to sell

$4.1 million U.S. dollars and purchase euros at an average of $1.36 U.S. dollars to 1 euro. Such contracts have various maturities through December 31, 2011.

We are involved in legal proceedings from time to time in the ordinary course of our business. We accrue an estimated loss contingency in our consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions can occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review contingencies to determine whether our accruals are adequate. The amount of ultimate loss may differ from these estimates.

We recognize estimated loss contingencies for litigation in general and administrative operating expenses in our condensed consolidated statements of operations.

In December 2010, we terminated the employment relationship with one of our employees. The employee filed a lawsuit in December 2010 against such termination, applying for a ruling that the termination was not legally effective and that the employment relationship is not terminated. In the second quarter of 2011, we agreed to a settlement with the former employee which did not have a material effect on our consolidated financial statements.

Note 14. Operating Segments / Geographic Information

We consider our business to consist of one segment which is providing services and customizable medical devices to biopharmaceutical organizations and, to a lesser extent, healthcare organizations. We operate on a worldwide basis with two primary locations in the United States, categorized below as North America, and one primary location each in the United Kingdom and Germany. A large portion of our revenues are allocated among our geographic segments based upon the profit split transfer pricing methodology, and revenues are generally allocated to the geographic segment in which the work is performed.

Geographic information is as follows (in thousands of dollars):

	Three Months Ended September 30, 2010				
	North America	UK	Germany	Eliminations	Total
Service revenues	$11,037	$5,553	$9,339	$–	$25,929
Site support revenues	4,606	2,445	12,148	–	19,199
Net revenues from external customers	15,643	7,998	21,487	–	45,128
Intersegment revenues	1,100	39	–	(1,139)	–
Total revenues	$16,743	$8,037	$21,487	$(1,139)	$45,128
Operating income	$1,702	$1,835	$3,052	$–	$6,589
Long-lived assets	$22,762	$6,017	$13,030	$–	$41,809
Total assets	$94,223	$15,290	$96,038	$–	$205,551

	Three Months Ended September 30, 2011				
	North America	UK	Germany	Eliminations	Total
Service revenues	$11,575	$4,829	$8,789	$–	$25,193
Site support revenues	4,997	2,602	15,291	–	22,890
Net revenues from external customers	16,572	7,431	24,080	–	48,083
Intersegment revenues	6,157	28	193	(6,378)	–
Total revenues	$22,729	$7,459	$24,273	$(6,378)	$48,083
Operating income	$902	$1,792	$2,539	$–	$5,233
Long-lived assets	$25,089	$7,124	$19,548	$–	$51,761
Total assets	$102,852	$20,104	$110,181	$–	$233,137

	Nine Months Ended September 30, 2010				
	North America	UK	Germany	Eliminations	Total
Service revenues	$31,820	$15,728	$11,913	$–	$59,461
Site support revenues	14,328	7,036	15,267	–	36,631
Net revenues from external customers	46,148	22,764	27,180	–	96,092
Intersegment revenues	1,424	39	–	(1,463)	–
Total revenues	$47,572	$22,803	$27,180	$(1,463)	$96,092
Operating income	$8	$6,764	$3,615	$–	$10,387
Long-lived assets	$22,762	$6,017	$13,030	$–	$41,809
Total assets	$94,223	$15,290	$96,038	$–	$205,551

	Nine Months Ended September 30, 2011				
	North America	UK	Germany	Eliminations	Total
Service revenues	$32,631	$14,663	$24,292	$–	$71,586
Site support revenues	14,176	7,832	39,037	–	61,045
Net revenues from external customers	46,807	22,495	63,329	–	132,631
Intersegment revenues	19,098	87	193	(19,378)	–
Total revenues	$65,905	$22,582	$63,522	$(19,378)	$132,631
Operating income	$2,334	$5,908	$4,915	$–	$13,157
Long-lived assets	$25,089	$7,124	$19,548	$–	$51,761
Total assets	$102,852	$20,104	$110,181	$–	$233,137

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement for Forward-Looking Information

You should read the following discussion in conjunction with the financial statements and notes included elsewhere in this Quarterly Report on Form 10-Q. Except for historical matters, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views as to future events and financial performance with respect to our operations. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "aim," "anticipate," "are confident," "estimate," "expect," "will be," "will continue," "will likely result," "project," "intend," "plan," "believe," "look to" and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Factors that might cause such a difference include: unfavorable economic conditions; our ability to obtain new contracts and accurately estimate net revenues, our positive outlook for future bookings, variability in size, scope and duration of projects and internal issues at the sponsoring client; our ability to successfully integrate the RS or any future acquisitions; competitive factors in the market for our centralized services; changes in the bio-pharmaceutical and healthcare industries to which we sell our solutions; technological development; and market demand. There is no guarantee that the amounts in our backlog will ever convert to revenue. Should the economic conditions deteriorate, the cancellation rates that we have historically experienced could increase. Further information on potential factors that could affect our financial results can be found in other sections of this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Overview

eResearchTechnology, Inc. (ERT®), a Delaware corporation, was founded in 1977. ERT and its consolidated subsidiaries collectively are referred to as the "Company" or "we." We are a global technology-driven provider of services and customizable medical devices to biopharmaceutical organizations and, to a lesser extent, healthcare organizations. We are the market leader for centralized cardiac safety (Cardiac Safety) and respiratory efficacy (Respiratory) services in drug development and also collect, analyze and distribute electronic patient reported outcomes (ePRO™) information in multiple modalities across all phases of clinical research.

Clinical trials employ diagnostic tests to measure the effect of a drug or device on certain body organs and systems to determine the product' s safety and efficacy. Our technology-based services are utilized by biopharmaceutical and healthcare organizations and CROs to improve the accuracy, timeliness and efficiency of trial set-up, data collection from sites worldwide, data interpretation, and new drug, biologic and device application submissions. Our Cardiac Safety solutions include the centralized collection, interpretation and distribution of electrocardiographic (ECG) data and images and are performed during clinical trials in all phases of the clinical research process. Customers use our centralized Respiratory solutions when they are developing new compounds for the treatment of asthma, emphysema, cystic fibrosis and Chronic Obstructive Pulmonary Disease (COPD) in order to assess the efficacy of a drug or to evaluate compounds that have an effect on pulmonary function. We also offer ePRO solutions along with proprietary clinical assessments to enable customers to efficiently collect and analyze patient-reported feedback during a clinical trial. In addition, we offer site support, which includes the rental and sale of devices to support Cardiac Safety, Respiratory, and ePRO services along with related supplies and logistics management.

On May 28, 2010, we acquired Research Services Germany 234 GmbH (Research Services or RS). RS is comprised of the research services division of CareFusion Germany 234 GmbH and certain research operations of CareFusion Corporation. RS is the source of our Respiratory solutions business and also provides Cardiac Safety and ePRO services. In addition, RS is a manufacturer of diagnostic devices we rent or sell to customers in connection with our services. We paid $82.7 million for RS. The acquisition and related transaction costs were financed from our existing cash and a portion of the $23.0 million drawn from our $40.0 million revolving credit facility through Citizens Bank of Pennsylvania.

Service Offerings

Our revenues by service solution as a percentage of total revenues were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2010		2011		2010		2011	
Net revenues:								
Services	57.5	%	52.4	%	61.9	%	54.0	%

Site support	42.5	47.6	38.1	46.0
Total net revenues	100.0	100.0	100.0	100.0

Our services revenues consist primarily of our services offered under our Cardiac Safety, Respiratory and, to a lesser extent, our ePRO solutions that we provide on a fee for services basis and are recognized as the services are performed. We also provide consulting services on a time and materials basis and recognize revenues as we perform the services. Our site support revenue for Cardiac Safety and Respiratory, consisting of equipment rentals and sales along with related supplies and logistics management, are recognized at the time of sale or over the rental period.

Integrated Product Offering

With the acquisition of RS, we now provide biopharmaceutical and healthcare organizations a fully integrated solution for clinical services in connection with respiratory trials, including Respiratory efficacy services and devices, centralized Cardiac Safety and related ePRO services and devices in a fully integrated solution, plus a single point of contact for all aspects of the electronic data collection process in clinical trials. Our technology platform also supports the integration of other devices to integrate additional key safety data to support cardiac, respiratory, and other trials.

The protocols of many of the respiratory trials in which we participate often also require ECGs and/or Holter monitoring and ePRO solutions. Our flagship investigator site device, MasterScope® CT, is a comprehensive solution for standardized and centralized spirometry, full pulmonary function testing or PFT, ECG and ePRO in clinical trials. Using customized software, this innovative system combines protocol-driven workflows (with many diagnostic applications) into a single easy-to-use clinical trial workstation. These workflows can be specially tailored for multi-center studies. We believe our customers and their users consider the availability of a fully integrated platform for respiratory, cardiac safety and ePRO a major advantage that has enabled us to establish a preferred centralized respiratory vendor status with several of the top 20 pharmaceutical companies.

Results of Operations

Executive Overview

Net revenues were $48.1 million for the third quarter of 2011, an increase of $3.0 million or 6.7% from $45.1 million in the third quarter of 2010. The revenue changes were due primarily to revenue growth in the RS business. During the third quarter of 2011, we also experienced our third consecutive strong level of business development activities with bookings of $78.4 million. Backlog was $343.8 million at September 30, 2011.

Gross margin percentage was 41.5% in the third quarter of 2011, up sequentially from 37.4% in the second quarter of 2011, but down from 44.5% in the third quarter of 2010. The gross margin percentage in the second quarter of 2011 was driven by increased costs in our RS business including incremental labor, consumables and freight charges to support the start of new respiratory studies, increased manufacturing costs and a $0.5 million non-cash adjustment to the carrying value of returned rental equipment as of March 31, 2011 that was recorded in the June 2011 quarter. Gross profit margins improved in the current quarter as expected as a portion of the charges incurred in the second quarter of 2011 by the German operations did not recur and the overall revenue increase generated higher margins given the operating leverage in our cost structure. Gross margins are down from a year ago due to the increased mix of lower margin respiratory revenue.

Operating income for the third quarter of 2011 was $5.2 million or 10.9% of total net revenues compared to $6.6 million or 14.6% of total net revenues in the third quarter of 2010. Operating income for the third quarter of 2010 was negatively impacted by $0.5 million of acquisition related costs and $2.4 million of amortization of acquisition related costs. Operating income for 2011 was negatively impacted by $1.9 million of amortization of acquisition related costs and the decrease in the gross profit margin. Our effective income tax rate for the third quarter of 2011 was 25.4% compared to 31.7% in the third quarter of 2010 as we have benefited from the lower tax rates applicable to the increased contribution of revenue from RS operations in Germany and the organizational restructuring activities undertaken during the latter half of 2010

Net income for the third quarter of 2011 was $4.3 million, or $0.09 per diluted share, compared to $3.2 million, or $0.06 per diluted share, in the third quarter of 2010.

We conduct our operations through offices in the United States (U.S.) and Europe (the United Kingdom and Germany). Our international net revenues represented approximately 52.0% and 64.9% of total net revenues for the nine months ended September 30, 2010 and 2011, respectively. A large portion of our revenues are allocated among our geographic segments based upon the profit split transfer pricing methodology which equalizes gross margins for each legal entity based upon its respective direct revenue or direct costs, as determined by the relevant revenue source.

The following table presents certain financial data as a percentage of total net revenues:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2011	2010	2011
Net revenues:				
Services	57.5 %	52.4 %	61.9 %	54.0 %
Site support	42.5	47.6	38.1	46.0
Total net revenues	100.0	100.0	100.0	100.0
Costs of revenues:				
Cost of services	30.0	30.3	30.4	31.2
Cost of site support	25.5	28.2	20.0	27.8
Total costs of revenues	55.5	58.5	50.4	59.0
Gross margin:				
Gross margin services	47.8	42.2	51.0	42.3
Gross margin site support	40.1	40.7	47.4	39.6
Gross margin	44.5	41.5	49.6	41.0
Operating expenses:				
Selling and marketing	9.9	9.7	12.3	10.0
General and administrative	17.2	16.9	23.2	17.3
Research and development	2.8	3.9	3.3	3.8
Total operating expenses	29.9	30.5	38.8	31.1
Operating income	14.6	11.0	10.8	9.9
Foreign exchange (losses) gains	(3.9)	1.4	(1.3)	(0.4)
Other income (expense), net	(0.4)	(0.3)	(0.2)	(0.3)
Income before income taxes	10.3	12.1	9.3	9.2
Income tax provision	3.3	3.1	3.3	2.3
Net income	7.0 %	9.0 %	6.0 %	6.9 %

Three Months Ended September 30, 2010 Compared to Three Months Ended September 30, 2011.

The following table presents our consolidated statements of operations with product line detail (dollars in thousands):

	Three Months Ended September 30,			
	2010	2011	Increase (Decrease)	
Services:				
Net revenues	$25,929	$25,193	$(736)	(2.8%)
Costs of revenues	13,526	14,554	1,028	7.6%
Gross margin	$12,403	$10,639	$(1,764)	(14.2%)
Site support:				
Net revenues	$19,199	$22,890	$3,691	19.2%
Costs of revenues	11,505	13,574	2,069	18.0%
Gross margin	$7,694	$9,316	$1,622	21.1%
Total				
Net revenues	$45,128	$48,083	$2,955	6.5%
Costs of revenues	25,031	28,128	3,097	12.4%
Gross margin	20,097	19,955	(142)	(0.7%)
Operating expenses:				
Selling and marketing	4,478	4,683	205	4.6%
General and administrative	7,780	8,141	361	4.6%
Research and development	1,250	1,898	648	51.8%
Total operating expenses	13,508	14,722	1,214	9.0%
Operating income	6,589	5,233	(1,356)	(20.6%)
Foreign exchange (losses) gains	(1,745)	695	2,440	N.M.
Other income (expense), net	(199)	(125)	74	N.M.
Income before income taxes	4,645	5,803	1,158	24.9%
Income tax provision	1,472	1,476	4	0.3%
Net income	$3,173	$4,327	$1,154	36.4%

N.M. Not meaningful

The following table presents costs of revenues as a percentage of related net revenues and operating expenses as a percentage of total net revenues:

	Three Months Ended September 30,		Increase (Decrease)
	2010	2011	
Cost of services	52.2%	57.8%	5.6%
Cost of site support	59.9%	59.3%	(0.6%)
Total costs of revenues	55.5%	58.5%	3.0%
Operating expenses:			
Selling and marketing	9.9%	9.7%	(0.2%)
General and administrative	17.2%	16.9%	(0.3%)
Research and development	2.8%	3.9%	1.1%

Revenues

The $0.7 million decrease in services revenues in the three months ended September 30, 2011 as compared to the three months ended September 30, 2010 was primarily due to a reduction in RS ECG and respiratory transactions. In addition, certain categories of RS revenues that had been included in services revenues for the three months ended September 30, 2010 are now classified as site support revenues for the three months ended September 30, 2011. Partially offsetting these decreases were increases in customization and additional revenues related to exchange rate fluctuations as certain RS client contracts allow for billing adjustments for significant exchange rate changes.

Site support revenues increased $3.7 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. Approximately $1.0 million of the increase can be attributed to an increase in the average currency exchange rate between the US dollar and the euro. The balance of the increase was due to a large amount of device rework revenue in 2011 as compared to 2010 as customers chose to use existing equipment for new studies, increases in supplies revenue, freight and local equipment support as well as the revenue category change discussed above.

Costs of Revenues

The cost of services revenues increased $1.0 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. This increase, both in absolute terms and as a percentage of services revenues, was primarily due to approximately $0.5 million attributable to an increase in the average currency exchange rate between the US dollar and the euro. The balance of the increase was due to expanded RS staff and consultants who support new study set up and customizations in response to increased demand for new studies with aggressive study timelines for key strategic customers in our respiratory and ePRO business lines and an increase in Cardiac Safety labor costs associated with additional headcount.

The cost of site support revenues increased $2.1 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. This increase was partially due to approximately $0.6 million attributable to an increase in the average currency exchange rate between the US dollar and the euro and to additional labor, consumables, freight charges and increased manufacturing costs we incurred in 2011 to support the start of new respiratory and ePRO studies. The decrease in the cost of site support revenues as a percentage of site support revenues reflects the fact that some of the costs do not necessarily change in direct relation with changes in revenue.

Operating Expenses

General and administrative expenses increased $0.4 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. The increase was partially due to approximately $0.2 million attributable to an increase in the average currency exchange rate between the US dollar and the euro. The balance of the increase was due to increased depreciation related to internal-use software that went into production in 2011, increases in travel and facilities costs as well as a number of small increases in RS expenses in the three months ended September 30, 2011. Partially offsetting these increases was a decrease in labor costs which included payments in the third quarter of 2010 to our former chief executive officer in connection with his retirement. The decrease in general and administrative expenses as a percentage of total net revenues reflects the fact that some of the costs do not necessarily change in direct relation with changes in revenue.

Research and development expenses increased $0.6 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. This increase, both in absolute terms and as a percentage of total net revenues, was primarily due to a greater percentage of costs being capitalized for internal use software, particularly for the development of the next generation of our EXPERT platform.

Foreign exchange (losses) gains moved from a loss of $1.7 million for the three months ended September 30, 2010 to a gain of $0.7 million for the three months ended September 30, 2011 primarily due to the movement in the exchange rate between the euro and U.S. dollar that impacts our operations in Germany, particularly accounts receivable denominated in U.S. dollars. We entered into forward contracts to sell $5.9 million U.S. dollars and purchase euros at an average price of $1.40 U.S. dollars to 1 euro during the three months ended September 30, 2011. The related gains were insignificant.

Other income (expense), net, decreased as the interest rate on our long-term debt decreased in 2011 in accordance with the terms of our credit agreement.

Our effective tax rate for the three months ended September 30, 2011 was 25.4% compared to 31.7% for the three months ended September 30, 2010. Our effective income tax rate for the three months ended September 30, 2011 benefited from the lower tax rates

applicable to the RS operations in Germany, organizational restructuring activities undertaken during the latter half of 2010 and a reduction in the corporate income tax rate in the United Kingdom.

Nine Months Ended September 30, 2010 Compared to Nine Months Ended September 30, 2011.

The following table presents our consolidated statements of operations with product line detail (dollars in thousands):

	Nine Months Ended September 30,			
	2010	2011	Increase (Decrease)	
Services:				
Net revenues	$59,461	$71,586	$12,125	20.4 %
Costs of revenues	29,162	41,325	12,163	41.7 %
Gross margin	$30,299	$30,261	$(38)	(0.1 %)
Site support:				
Net revenues	$36,631	$61,045	$24,414	66.6 %
Costs of revenues	19,261	36,886	17,625	91.5 %
Gross margin	$17,370	$24,159	$6,789	39.1 %
Total				
Net revenues	$96,092	$132,631	$36,539	38.0 %
Costs of revenues	48,423	78,211	29,788	61.5 %
Gross margin	47,669	54,420	6,751	14.2 %
Operating expenses:				
Selling and marketing	11,827	13,284	1,457	12.3 %
General and administrative	22,278	22,896	618	2.8 %
Research and development	3,177	5,083	1,906	60.0 %
Total operating expenses	37,282	41,263	3,981	10.7 %
Operating income	10,387	13,157	2,770	26.7 %
Foreign exchange losses	(1,267)	(580)	687	N.M.
Other expense, net	(181)	(394)	(213)	N.M.
Income before income taxes	8,939	12,183	3,244	36.3 %
Income tax provision	3,188	2,982	(206)	(6.5 %)
Net income	$5,751	$9,201	$3,450	60.0 %

N.M. Not meaningful

The following table presents costs of revenues as a percentage of related net revenues and operating expenses as a percentage of total net revenues:

	Nine Months Ended September 30,		Increase
	2010	2011	(Decrease)
Cost of services	49.0 %	57.7 %	8.7 %
Cost of site support	52.6 %	60.4 %	7.8 %
Total costs of revenues	50.4 %	59.0 %	8.6 %
Operating expenses:			
Selling and marketing	12.3 %	10.0 %	(2.3 %)
General and administrative	23.2 %	17.3 %	(5.9 %)
Research and development	3.3 %	3.8 %	0.5 %

Comparability

The RS operations have been included in our financial results from the acquisition date of May 28, 2010. As such, only four months of RS operations were included in our results for the nine months ended September 30, 2010.

Revenues

Services revenues included $24.3 million and $11.9 million for the nine months ended September 30, 2011 and 2010, respectively, from the operations of RS. Apart from the impact of RS, services revenues decreased $0.3 million in the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010 due to lower ePRO revenue stemming from a large diary study in 2010, fewer ECG transactions and smaller decreases in other revenue categories, partially offset by a $0.5 increase in Cardiac Safety consulting revenue.

Site support revenues included $39.0 million and $15.3 million for the nine months ended September 30, 2011 and 2010, respectively, from the operations of RS. Apart from the impact of RS, site support revenues increased approximately $0.6 million in the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. This increase was due to additional Cardiac Safety equipment rented partially offset by a decrease in the average rental revenue per unit.

Costs of Revenues

The cost of services revenues included $18.9 million and $7.5 million for the nine months ended September 30, 2011 and 2010, respectively, from the operations of RS. Apart from the impact of RS, the cost of services revenues increased $0.7 million for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. This increase, both in absolute terms and as a percentage of services revenues, was due to a $0.7 million increase in labor costs associated with additional headcount, a $0.4 million increase in costs billed to customers as pass-through costs and a $0.3 million increase in consulting costs related to Cardiac Safety consulting revenue, partially offset by decreases in several areas including incentive compensation, amortization and telephone and connectivity expenses.

The cost of site support revenues included $26.3 million and $10.0 million for the nine months ended September 30, 2011 and 2010, respectively, from the operations of RS. Apart from the impact of RS, there was a $1.3 million increase in the cost of site support for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. This increase, both in absolute terms and as a percentage of site support revenues, was primarily due to a $0.7 million increase in labor that was largely a result of a change in the classification of the costs associated with the customer support center to report these as additional costs of site support in 2010 to better align costs with related revenue. Also contributing to the increase was a $0.4 million increase in depreciation resulting from purchases of rental equipment and the implementation of a new logistics management system.

Operating Expenses

Selling and marketing expenses included $2.6 million and $1.5 million for the nine months ended September 30, 2011 and 2010, respectively, from the operations of RS. Apart from the impact of RS, selling and marketing expenses increased $0.3 million for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. This increase, both in absolute terms and as a percentage of total revenues, was primarily due to an increase in commissions as a result of an increase in the number of staff qualifying for additional commissions as well as the impact of a significant increase in ePRO bookings and an increase in labor due to additional staff.

General and administrative expenses included $8.0 million and $3.8 million for the nine months ended September 30, 2011 and 2010, respectively, from the operations of RS. Apart from the impact of RS, general and administrative expenses decreased $3.5 million for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. This decrease, both in absolute terms and as a percentage of total revenues, was due primarily to $4.1 million of professional fees related to our acquisition of RS. Additionally, in 2010, we added $0.6 million to the reserve for losses on the lease of our Reno, Nevada facility. There were also decreases in consulting and office rent of $0.4 million each and stock option expense and travel and entertainment of $0.2 million each for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Partially offsetting these decreases was a $1.1 million increase in labor costs, a reduction in the capitalized labor for IT staff who worked on development projects in 2010 but not in 2011, an increase in 401(k) company matches due to the increase in incentive compensation payments in 2011, and the impact of salary merit increases. Other expense increases included $0.5 million for professional fees not related to the RS acquisition compared to the first nine months of 2010, $0.4 million of depreciation related to computer equipment and internal-use software that went into production in 2011, and $0.2 million each for recruitment and software licenses.

Research and development expenses included $2.7 million and $0.7 million for the nine months ended September 30, 2010 and 2011, respectively, from the operations of RS. Apart from the impact of RS, research and development expenses, both in absolute terms and as a percentage of total net revenues, were essentially unchanged.

Foreign exchange losses decreased from $1.3 million for the nine months ended September 30, 2010 to $0.6 million for the nine months ended September 30, 2011 primarily due to the movement in the exchange rate between the euro and U.S. dollar that impacts our operations in Germany, particularly accounts receivable denominated in U.S. dollars, as well as movement in the exchange rate between the UK pound and U.S. dollar that impacts our operations in the UK, particularly accounts receivable denominated in U.S. dollars. We entered into forward contracts to sell $31.6 million U.S. dollars and purchase euros at an average price of $1.42 U.S. dollars to 1 euro during the nine months ended September 30, 2011. The related losses were insignificant.

Other income (expense), net, changed as we incurred interest expense on advances under our line of credit in 2011 while 2010 included a small amount of interest income on our cash balance, a substantial portion of which we used to purchase RS in May 2010.

Our effective tax rate for the nine months ended September 30, 2011 was 24.5% compared to 35.7% for the nine months ended September 30, 2010. Our effective income tax rate for the nine months ended September 30, 2011 benefited from the lower tax rates applicable to the RS operations in Germany, organizational restructuring activities undertaken during the latter half of 2010, a $0.2 million reversal of the reserve for unrecognized tax benefits during the nine months ended September 30, 2011 as a result of the conclusion of the examination of our 2006 and 2007 UK income tax returns, and a reduction in the corporate tax rate in the United Kingdom.

Liquidity and Capital Resources

At September 30, 2011, we had $29.6 million of cash, cash equivalents and short-term investments, primarily invested in money market funds and commercial bank accounts. Of the $29.6 million, $13.1 million and $6.5 million are held by our UK and German subsidiaries, respectively. Although a portion of our UK subsidiary' s and all of our German subsidiary' s current undistributed net earnings, as well as any future net earnings of our UK and German subsidiaries, will be permanently reinvested, we believe that this does not have a material impact on our overall liquidity.

For the nine months ended September 30, 2011, our operations provided cash of $22.9 million, an increase of $4.1 million compared to $18.8 million during the nine months ended September 30, 2010. The increase was primarily the result of a $9.9 million increase for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010 in net income before depreciation and amortization. A number of items partially offset this increase, primarily inventory, accounts receivable and accrued expenses. The inventory increase was largely due to a volume purchase of printers as well as work performed on several large studies which have been delayed after related inventory items were acquired. The increase in accounts receivable was largely due to a high level of sales in September 2011. The decrease in the September 30, 2011 accrued expenses was largely due to the payment of the 2010 incentive compensation in the first quarter of 2011. The 2010 incentive compensation was significantly higher than the 2009 amount, which was paid in the first quarter of 2010.

For the nine months ended September 30, 2011, our investing activities used cash of $25.1 million as compared to $89.0 million during the nine months ended September 30, 2010, which included $82.8 million used for the RS acquisition. Proceeds from sales of investments, net of purchases, were $9.7 million during the nine months ended September 30, 2010, with no activity during the nine months ended September 30, 2011.

During the nine months ended September 30, 2010 and 2011, we capitalized $16.0 million and $25.0 million, respectively, of property and equipment. Included in property and equipment acquisitions was $4.3 million and $10.7 million for the nine months ended September 30, 2010 and 2011, respectively, of internal use software. The balance of the change was primarily due to an increase in purchases of rental equipment. The purchase of rental equipment included the activity of RS for only four months in the nine months ended September 30, 2010.

For the nine months ended September 30, 2011, our financing activities provided cash of $0.7 million as compared to $21.2 million for the nine months ended September 30, 2010. The nine months ended September 30, 2010 included proceeds from long-term debt, net of debt repayment, of $21.0 million associated with the RS acquisition.

We have a revolving line of credit arrangement with Citizens Bank of Pennsylvania in the aggregate amount of $40.0 million, with an additional $10.0 million increase option subject to bank approval. As of September 30, 2011, we had outstanding $21.0 million under our line of credit and $19.0 million remained available for us to borrow. The line has a three-year term which expires May 27, 2013 and annual interest rates based upon LIBOR plus a margin of 1.00% to 1.75% based upon a total leverage ratio and unused commitment fees of 0.10% to 0.20% based upon the same total leverage ratio. For the nine months ended September 30, 2011, the annual interest rate ranged from 1.19% to 1.51% and the unused commitment fee ranged from 0.10 to 0.15%. Financial covenants include maximum total senior funded debt to earnings before interest, income taxes, depreciation and amortization (EBITDA) of 2.0 and minimum debt service coverage ratio of 1.5. At September 30, 2011, we were in compliance with all debt covenants. Borrowings under the line of credit are secured by 65% of the capital stock in certain of our foreign subsidiaries.

In December 2010, we entered into a commitment to purchase $5.1 million of equipment from a manufacturer over a 15-month period beginning in January 2011. We expect to purchase this cardiac safety equipment in the normal course of business and thus this commitment does not represent a significant commitment above our expected routine purchases of ECG equipment during this period. As of September 30, 2011, approximately $3.3 million of equipment was purchased under the commitment; accordingly the balance of such commitment as of September 30, 2011 was $1.8 million.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Act of 2010 became law. The provisions of the Acts have not had, and are not expected to have, a significant impact on our consolidated financial statements.

We expect that existing cash and cash equivalents, cash flows from operations and amounts available under our credit facility as discussed above will be sufficient to meet our foreseeable cash needs for at least the next year. In addition, there may be acquisition and other growth opportunities that require additional external financing and we may from time to time seek to obtain additional funds from the public or private issuances of equity or debt securities. There can be no assurance that any such acquisitions will occur or that such financing will be available or available on terms acceptable to us, particularly in view of current capital market uncertainty.

Our board of directors has authorized the repurchase of up to an aggregate of 12.5 million shares, of which 5.0 million shares remain available for purchase as of September 30, 2011. The stock buy-back authorization allows us, but does not require us, to purchase the authorized shares. The purchase of the remaining shares authorized could require us to use a significant portion of our cash, cash equivalents and investments and could also require us to seek additional external financing. No shares were purchased during the nine months ended September 30, 2011 or 2010. The 7,363 additional shares added to treasury shares in the nine months ended September 30, 2011 were the result of employee tax liabilities related to restricted stock awards that were funded by the employees surrendering their rights to the respective amount of vested shares.

Inflation

We believe the effects of inflation and changing prices generally do not have a material effect on our consolidated results of operations or financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary financial market risks include fluctuations in interest rates and currency exchange rates.

Interest Rate Risk

Long-term debt

At September 30, 2011, our long-term debt was comprised of $21.0 million drawn under our $40.0 million credit facility with Citizens Bank of Pennsylvania. We do not manage the interest rate risk on our debt through the use of derivative instruments. Our credit facility' s interest rates may be reset due to fluctuations in the London Interbank Offered Rate (LIBOR). A hypothetical 100-basis-point change in the interest rate of our credit facilities would change our annual pre-tax earnings by $0.2 million based on our current borrowings under the credit facility.

Investments

We generally place our investments in highly-rated securities such as money market funds, municipal securities, bonds of government sponsored agencies, certificates of deposit with fixed rates with maturities of less than one year and A1P1 rated commercial bonds and paper. We actively manage our portfolio of cash equivalents and short-term investments, but in order to ensure liquidity, will only invest in instruments with high credit quality where a secondary market exists. We have not held and do not hold any derivatives related to our interest rate exposure. Due to the average maturity and conservative nature of our investment portfolio, a sudden change in interest rates would not have a material effect on the value of the portfolio. The impact on interest income of future changes in investment yields will depend largely on the gross amount of our cash, cash equivalents, short-term investments and log-term investments. See “Liquidity and Capital Resources” as part of “Management' s Discussion and Analysis of Financial Condition and Results of Operations.”

Foreign Currency Risk

We operate on a global basis from locations in the United States (U.S.), the United Kingdom (UK) and Germany. All international net revenues and expenses are billed or incurred in either U.S. dollars, pounds sterling or euros. As such, we face exposure to adverse movements in the exchange rate of the pound sterling and euro. As the currency rate changes, translation of the statement of operations of our UK and German subsidiaries from the local currency to U.S. dollars affects year-to-year comparability of operating results. With the recent RS acquisition, there has been a significant increase in activity in countries outside the U.S. Our costs in Germany are subject to foreign exchange fluctuations as the majority of these costs are paid in euros. As a result, we entered into foreign exchange contracts during the nine months ended September 30, 2011 to mitigate such foreign exchange fluctuations. Contracts totaling $31.6 million settled during the nine months ended September 30, 2011 at an average price of $1.43 U.S. dollars to 1 euro. There were no contracts open at September 30, 2011. In October 2011, we entered into forward contracts to sell $4.1 million U.S. dollars and purchase euros at an average of $1.36 U.S. dollars to 1 euro. Such contracts have various maturities through December 31, 2011.

Management estimates that a 10% change in the exchange rate of the pound sterling and euro would have impacted the reported operating income for the nine months ended September 30, 2011 by approximately $1.1 million. In addition, management estimates the effect of a 10% change in the exchange rates at September 30, 2011, primarily on U.S. dollar denominated accounts receivable held by our foreign subsidiaries, would have impacted the reported foreign exchange (losses) gains for the nine months ended September 30, 2011 by approximately $0.9 million before income taxes.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were designed and functioning effectively to provide reasonable assurance that information required to be disclosed by the Company (including our consolidated subsidiaries) in the reports we file with or submit to the Securities and Exchange Commission is (i) recorded, processed, summarized and reported within the time periods specified in the Commission' s rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There were no changes in our internal control over financial reporting during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

Part II. Other Information

Item 6. Exhibits

2.1	Definitive Purchase Agreement between Blitz F10-acht-drei-fünf GmbH & Co. KG, an indirect wholly-owned subsidiary of eResearchTechnology, Inc., and CareFusion Germany 234 GmbH, an indirect wholly-owned subsidiary of CareFusion Corporation, dated April 29, 2010.
2.2	First Amendment dated May 28, 2010 to the Agreement Relating to the Sale, Purchase and Transfer of All Shares of Research Services Germany 234 GmbH between CareFusion Germany 234 GmbH and Blitz F10-acht-drei-fünf GmbH & Co. KG.
10.15	Credit Agreement dated May 27, 2010 between eResearchTechnology, Inc. and Citizens Bank of Pennsylvania.
10.16	Revolver Note dated May 27, 2010 made by eResearchTechnology, Inc. payable to the order of Citizens Bank of Pennsylvania.
10.17	Guaranty dated May 27, 2010 by ERT Tech Corporation, ERT Investment Corporation, Covance Cardiac Safety Services Inc. and eResearchTechnology, Inc. in favor of Citizens Bank of Pennsylvania.
31.1	Certification of Chief Executive Officer.
31.2	Certification of Chief Financial Officer.
32.1	Statement of Chief Executive Officer Pursuant to Section 1350 of Title 18 of the United States Code.
32.2	Statement of Chief Financial Officer Pursuant to Section 1350 of Title 18 of the United States Code.

Table of Contents

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.

eResearchTechnology, Inc.
(Registrant)

Date: November 7, 2011

By: /s/ Jeffrey S. Litwin, MD
Jeffrey S. Litwin, MD
President and Chief Executive Officer
(Principal executive officer)

Date: November 7, 2011

By: /s/ Keith D. Schneck
Keith D. Schneck
Executive Vice President, Chief Financial Officer, Treasurer and Secretary
(Principal financial and accounting officer)

EXHIBIT INDEX

Exhibit No.	Exhibit
2.1	Definitive Purchase Agreement between Blitz F10-acht-drei-fünf GmbH & Co. KG, an indirect wholly-owned subsidiary of eResearchTechnology, Inc., and CareFusion Germany 234 GmbH, an indirect wholly-owned subsidiary of CareFusion Corporation, dated April 29, 2010.
2.2	First Amendment dated May 28, 2010 to the Agreement Relating to the Sale, Purchase and Transfer of All Shares of Research Services Germany 234 GmbH between CareFusion Germany 234 GmbH and Blitz F10-acht-drei-fünf GmbH & Co. KG.
10.15	Credit Agreement dated May 27, 2010 between eResearchTechnology, Inc. and Citizens Bank of Pennsylvania.
10.16	Revolver Note dated May 27, 2010 made by eResearchTechnology, Inc. payable to the order of Citizens Bank of Pennsylvania.
10.17	Guaranty dated May 27, 2010 by ERT Tech Corporation, ERT Investment Corporation, Covance Cardiac Safety Services Inc. and eResearchTechnology, Inc. in favor of Citizens Bank of Pennsylvania.
31.1	Certification of Chief Executive Officer.
31.2	Certification of Chief Financial Officer.
32.1	Statement of Chief Executive Officer Pursuant to Section 1350 of Title 18 of the United States Code.
32.2	Statement of Chief Financial Officer Pursuant to Section 1350 of Title 18 of the United States Code.

Deed No. 134/2010 **EXHIBIT 2.1**

Recorded

at Frankfurt am Main on this 29th day of April 2010,

before me, the undersigned attorney-at-law Dr. Frank Schreiber

as officially appointed representative of the Notary

Dr. Klaus Sommerlad

practicing in Frankfurt am Main

appeared today:

a) Dr. Christoph Papenheim, born 28 March 1967, with business address c/o DLA Piper UK LLP, Westhafenplatz 1, 60327 Frankfurt am Main, identified by presenting his valid identity card no. 401427646.

The deponent on the first part declared that in the following transaction he is not acting in his own name but in the name and on behalf of:

CareFusion Germany 234 GmbH, a limited liability company organized under the laws of the Federal Republic of Germany with registered office at Höchberg, Federal Republic of Germany, registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Würzburg under registration number HRB 7004 ("**Seller** or **Vendor**"), pursuant to an undated power of attorney, a copy of which was available at the recording, the original will be submitted by the seller and a certified copy of which will be attached to this deed.

b) Dr. Thomas Schulz, born 5 October 1963, with business address c/o Noerr LLP, Börsenstraße 1, 60313 Frankfurt am Main, identified by presenting his valid German passport no. 8356101563.

The deponent on the second part declared that in the following transaction he is not acting in his own name but in the name and on behalf:

Blitz F10-acht-drei-fünf GmbH & Co. KG, a limited partnership ("**Purchaser**"), organized under the laws of the Federal Republic of Germany registered with the Commercial Register (Handelsregister) of the Local Court (Amtsgericht) of Frankfurt am Main under registration number HRB 45651, with registered office c/o Noerr LLP, Börsenstraße 1, 60313 Frankfurt am Main, Federal Republic of Germany, represented by its general partner Blitz F10-zwei-drei GmbH, registered with the Commercial Register (Handelsregister) of the Local Court (Amtsgericht) of Frankfurt am Main under registration number HRB 87888, pursuant to a power of attorney dated 27 April 2010, 14.50 p.m, Deed No. 211/2010-US of the notary Dr. Ulf Schuler, the original of which was presented to the deputy notary and a certified copy of which is attached hereto.

The deponents requested that this Agreement be recorded in the English language and stated that they had sufficient command of the English language. The deputy notary, who himself has sufficient command of the English language, verified that the deponents have in fact such sufficient command of the English language.

Before the recording the deputy notary explained the persons appearing Sec. 3 para. 1 no. 7 of the German Notarisation Act (Beurkundungsgesetz). In response to the relevant question of the deputy notary, the deponents declared that neither he, the notary or any of their partners had already been acting in this matter within the meaning of Sec. 3 para. 1 no. 7 of the German Notarisation Act.

The deponents requested the recording of the following:

In the following deed reference is made to the Deed in Reference deed no. 133/2010 of the notary Dr. Klaus Sommerlad dated 28 April 2010. The original of the deed was available during this recording. The persons appearing stated that the content of said deed is known to them. They further waived the right that said deed was read out to them and that a certified copy thereof is to be sealed to this deed. The deputy notary advised the persons appearing of the meaning of such reference to said deed.

The deponents approved of any and all statements made on behalf of the Parties by Mrs. Doris Wagner in the Deed in Reference.

The Schedules 3.5, 5.11, 7.3, 7.4, 7.6, 8, 9, 10 and 12 referenced in this deed form part of the Deed in Reference deed no.133/2010 of the notary Dr. Klaus Sommerlad including such annexes and exhibits to those schedules which have been notarised as part of the Deed in Reference.

To the Deed in Reference the following amendments und changes are agreed by the parties:

an extract of the commercial register of the Subsidiary to Schedule 3.5 (**Appendix I**)

Schedule 7.3 shall include Annex A (**Appendix II**)

Schedule 7.3 shall include Schedule A (**Appendix III**)

Schedule 7.4 shall include Schedules 1, 2 and 3 to the Supply Agreement between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH (**Appendix IV**)

Schedule 7.4 shall include Schedules 1, 2 and 3 to the Supply Agreement between CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH (**Appendix V**)

Schedule 8 shall be exchanged with the new version (**Appendix VI**). The English text in Appendix VI does not form part of this notarial deed and is for simplification purposes only. The persons appearing declared this expressly and waived an official reading. The German wording shall prevail.

the following Appendices are additional attachments to schedule 8:

Appendix VII is attachment 2.1.a) and 2.1.b)

Appendix VIII is attachment 2.1.c)

Appendix IX is attachment 2.1.d)

Appendix X is attachment 2.2

Appendix XI is attachment 2.4

Appendix XII is attachment 8.9

Schedule 10 shall include **Appendix XIII** (copyright assignment agreement) and **Appendix XIV** (trademark transfer agreement)

in Schedule 12 Part 2 paragraph 1.c “blue” shall be replaced by “yellow”

Schedule 12 Part 2, Annex 1, shall be exchanged with Schedule 12 Part 3, Annex 1.

AGREEMENT

relating to

the sale, purchase and transfer of all shares in

Research Services Germany 234 GmbH

between

(1) CareFusion Germany 234 GmbH

and

(2) Blitz F10-acht-drei-fünf GmbH & Co. KG

CONTENTS

THIS AGREEMENT (the "**Agreement**") is

BETWEEN:

(1) The Seller; and

(2) The Purchaser

BACKGROUND

A. Research Services Germany 234 GmbH in Gründung ("**Company**") is a limited liability company organized under the laws of the Federal Republic of Germany with office at Höchberg, Federal Republic of Germany, which will be registered with the Commercial Register (Handelsregister) of the Local Court (Amtsgericht) of Würzburg. The Company has a registered share capital in the nominal amount of EUR 25,000, divided into 25,000 shares of EUR 1 each, the shares being numbered from 1 to 25,000 ("**Current Shares**"). The Shares are fully paid up.

B. According to a hive out agreement to be entered into on or about May 2, 2010 (before a notary in Frankfurt am Main, Federal Republic of Germany) ("**Hive Out Agreement**"), the research services business of the Seller will be hived out into the Company pursuant to Sec. 123 (3) of the German Reorganization Act (Umwandlungsgesetz − UmwG) (the "**Hive Out**"). The registration of the Hive Out with the Commercial Register − upon which the Hive Out becomes effective − has not yet occurred, but is a Condition for the Completion of this Agreement. As consideration of the Hive Out, 100 shares of EUR 1 each of the Company ("Hive Out Shares", the Current Shares and the Hive Out Shares together the "**Shares**") are granted to the Seller with effect upon registration of the Hive Out with the Commercial Register. The increased nominal share capital of the Company will be 25,100 shares of EUR 1 each.

C. Upon the Hive Out taking effect, the Company will hold two shares in the nominal amounts of EUR 21,300 and EUR 3,800 representing the entire share capital in the nominal amount of EUR 25,100 of BIOSIGNA GmbH Institut für Biosignalverarbeitung und Systemanalyse, with registered office in Munich, registered with the Commercial Register of the Local Court of Munich under registration number HRA 163461 ("**Subsidiary**").

D. The research services business of the Seller to be hived-out into the Company consists of the provision of customized hardware, software and services to support clinical trials through three areas: respiratory, cardiac safety and electronic patient reported outcomes (ePRO) including selling and marketing to pharmaceutical companies and clinical research organizations and other companies or suppliers providing similar hardware, software or services to pharmaceutical companies and clinical research organizations, and the provision of such customized hardware, software and services in such areas to the primary care market ("**Business**").

E. The Seller is the legal and beneficial owner of all Current Shares and upon Completion will also be the legal and beneficial owner of all Hive Out Shares.

F. The Seller intends to sell and transfer, and the Purchaser intends to purchase and accept the transfer of, the Shares and the assets transferred pursuant to the US Transfer Documents for the Consideration and upon the terms and conditions set out in this Agreement.

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement the following words and expressions shall (except where the context otherwise requires) have the following meanings:

"**Accounts Date**" shall be 31 December 2009;

"**Affiliate(s)**" means, with respect to any person, any affiliated entity within the meaning of Sec. 15 of the German Stock Corporation Act (*Aktiengesetz*);

"**Agreed Form**" shall have the meaning set forth in Clause 1.2.7;

"**Anti-Kickback Statute**" shall have the meaning set forth in Schedule 3, Clause 18.5;

"**Antitrust Laws**" shall have the meaning set forth in Schedule 3, Clause 17.2;

"**Audited Financial Statements**" shall have the meaning set forth in Schedule 5, Clause 12;

"**Balance Sheet Date**" shall be 31 December 2009;

"**Business**" shall have the meaning set forth in Preamble D;

"**Business Day**" means a day other than a Saturday or Sunday on which banks are open for commercial business in Frankfurt am Main, Federal Republic of Germany, San Diego, California, USA., and Philadelphia, Pennsylvania, USA.;

"**Cash**" shall mean the consolidated aggregate amount, as at close of business on the Completion Date as shown by the Completion Accounts, of cash and cash equivalents, in each case calculated on a US GAAP basis and, notwithstanding the foregoing , in each case including accrued or unpaid interest thereon up to and including the Completion Date; for the avoidance of doubt, "Cash" shall also include cash of the Subsidiary.

"**Claim Addressee**" shall have the meaning set forth in Schedule 2, Clause 5.1;

"**Closing Actions**" shall have the meaning set forth in Clause 5;

"**Company**" shall have the meaning set forth in Preamble A;

"**Completion**" means the performance of all the obligations of the parties to this Agreement set out in Clause 5;

"**Completion Accounts**" means the Balance Sheet of the Business as described in Schedule 1 Part 1 Clause 1;

"**Completion Date**" means the date on which all Conditions have been fulfilled or waived, currently expected to be 28 May 2010;

"**Completion Payment**" shall have the meaning set forth in Clause 4.2;

"**Condition[s]**" shall have the meaning set forth in Schedule 5;

"**Covenants**" shall be the Seller' s covenants as set out in Clause 9;

"**Consideration**" means the consideration for the Shares set out in Clause 4;

"**Cross-Indemnification Obligation**" shall have the meaning set forth in Clause 12.1;

"**Current Shares**" shall have the meaning set forth in Preamble A;

"**Deferred Revenues**" means amounts billed for goods or services that have yet to be provided. For the avoidance of doubt, Deferred Revenues does not include (i) any amounts that would be deferred if revenues for project management services had been recognized on a straight-line basis over the duration of the contract rather than the Business' historical practice of revenue recognition, which has been based on the Business' estimate of labor hours expected to be spent on such services over the duration of the contract (provided that such remaining billings on open contracts for project management services reasonably represent the cost plus representative profit for the remaining services required to be undertaken by the project management group in order to complete the projects as required under the contracts) or (ii) any amounts deferred on goods that have been delivered but for which no revenues have been recognized due to the absence of a signed contract.

"**Designated Individual**" shall mean (a) with respect to Seller: Paul ter Grote, Hans- Joachim Schülke, Vivek Jain, Carsten Heil and Ralf Lother and (b) with respect to Purchaser: Keith Schneck, Tom Devine, John Sory, and Amy Furlong;

"**Developers**" shall have the meaning set forth in Schedule 3, Clause 15.4;

"**Disputes**" shall have the meaning set forth in Clause 20.2;

"**Draft Completion Accounts**" shall have the meaning set forth in Schedule 1, Part 1, Clause 3;

"**Employee(s)**" shall have the meaning set forth in Schedule 3, Clause 11.1;

"**E&Y Audit Costs**" shall have the meaning set forth in Clause 15;

"**Expert**" shall have the meaning set forth in Schedule 1, Part 2, Clause 1;

"**Financial Statements**" shall have the meaning set forth in Schedule 3, Clause 5.1;

"**Guaranty**" shall have the meaning set forth in Schedule 9;

"**Guarantors**" means CareFusion Corporation and eResearchTechnology, Inc. who have guaranteed the respective obligations of the Seller or the Purchaser and the Company, as the case may be, in accordance with the Guaranty attached as Schedule 9 hereto;

"**Hive Out**" shall have the meaning set forth in Preamble B;

"**Hive Out Agreement**" shall have the meaning set forth in Preamble B;

"**Hive Out Shares**" shall have the meaning set forth in Preamble B;

"**Indebtedness** " shall mean the consolidated aggregate amount, as at close of business on the Completion Date as shown by the Completion Accounts, of (i) any indebtedness for borrowed money, (ii) any obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) any obligations as lessee under capitalized leases, and (iv) any obligations under acceptance credit, letters of credit or similar facilities, in each case as determined on a US GAAP basis.

"**Inventory**" shall mean raw materials, work-in-progress and finished products, but specifically excludes rental equipment (provided that the classification of finished products as either Inventory or rental equipment shall be made on a consistent basis in the Unaudited Financial Statements, the Audited Financial Statements, the Quarterly Financial Statements and the Completion Accounts);

"**Indemnifiable Taxes**" shall have the meaning set forth in Schedule 4, Clause 2.1;

"**Intellectual Property**" shall have the meaning set forth in Schedule 3, Clause 15.1;

"**Key Employee(s)**" shall have the meaning set forth in Schedule 3, Clause 11.1;

"**Know-How**" shall have the meaning set forth in Schedule 3, Clause 15.2;

"**Knowledge**" means that a person (including a Designated Individual) shall be deemed to have Knowledge of a particular fact or other matter if: (i) a person is actually aware of that fact or matter; or (ii) a prudent person could be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonably comprehensive investigation regarding the accuracy of the fact or matter. With respect to a person other than an individual, Knowledge of a particular fact or other matter shall be the Knowledge of any Designated Individual of such person;

"**Lien**" means (in each case other than any Lien created by operation of law, gesetzliches Pfandrecht, with the exception of Pfändungspfandrechte) (i) any lien including any lien relating to Taxes, pledge, or negative pledge; (ii) any mortgage, deed of trust, security interest, charge in the nature of a lien, security interest or encumbrance; (iii) any title retention agreement (other than a title retention agreement entered into in the ordinary course of business), right of first refusal, right of first purchaser or other similar option or right; (iv) any conditional sale agreement, easement, right of way, variance of other real estate declaration; (v) any rental, hire purchaser, credit sale or other agreement for payment on deferred terms; or (vi) any other transfer or other restrictions, servitude or other encumbrances of any kind;

"**Losses**" shall have the meaning set forth in Schedule 2, Clause 1.3;

"**Material Adverse Effect**" means, with respect to the Company, the Subsidiary or the Business, an effect, event, development or change that, individually or in the aggregate with all other effects, events, developments or changes, is or could reasonably be expected to be materially adverse to the assets, business, results of operations or financial condition of the Company, the Subsidiary or the Business and that has or could reasonably be expected to have a negative financial impact on the Company, the Subsidiary or the Business exceeding USD 10,000,000 (in words: US Dollars ten million), other than those effects, events, developments or changes to the extent resulting from (i) general changes after the date hereof in capital markets, general economic conditions or the industries in which the Company or the Subsidiary operate that do not materially affect the Company or Subsidiary disproportionately more than the industry in general, (ii) any outbreak after the date hereof of hostilities or war, (iii) the announcement of this Agreement, or (iv) any change in the law or US GAAP after the date of this Agreement;

"**Material Contracts**" shall have the meaning set forth in Schedule 3, Clause 12.9;

"**Notice**" shall have the meaning set forth in Schedule 1, Part 1, Clause 3;

"**Open Source Materials**" shall have the meaning set forth in Schedule 3, Clause 15.9;

"**Pension Policies**" shall have the meaning as set forth in the definition of "Working Capital" below;

"**Permits**" shall have the meaning set forth in Schedule 3, Clause 14.1;

"**Policies**" shall have the meaning set forth in Schedule 3, Clause 9.1;

"**Products**" shall have the meaning set forth in Schedule 3, Clause 15.7;

"**Quarterly Financial Statements**" shall have the meaning set forth in Schedule 3, Clause 5.1;

"**Seller' s Group**" means the Seller and its Affiliates;

"**Seller' s Solicitors**" means DLA Piper UK LLP, Westhafenplatz 1, 60327 Frankfurt am Main, Federal Republic of Germany;

"**Shares**" shall have the meaning set forth in Preamble B;

"**Source Code**" shall have the meaning set forth in Schedule 3, Clause 15.10;

"**Straddle Period**" shall have the meaning set forth in Schedule 4, Clause 5;

"**Subsidiary**" shall have the meaning set forth in Preamble C;

"**Supply Agreements**" shall have the meaning set forth in Schedule 7, Clause 4;

"**Systems**" shall have the meaning set forth in Schedule 3, Clause 19;

"**Tax Indemnification Payment**" shall have the meaning set forth in Schedule 4, Clause 2.1;

"**Taxes**" shall have the meaning set forth in Schedule 4, Clause 1;

"**Tax Authority**" shall have the meaning set forth in Schedule 4, Clause 1;

"**Tax Returns**" shall have the meaning set forth in Schedule 4, Clause 1;

"**Third Party Claim**" shall have the meaning set forth in Schedule 2, Clause 5.1;

"**Transaction Documents**" shall have the meaning set forth in Schedule 3, Clause 2.1;

"**TSA**" shall have the meaning set forth in Schedule 7, Clause 3;

"**Unaudited Financial Statements**" shall have the meaning set forth in Schedule 3, Clause 5.1;

"**US Assignment**" shall have the meaning set forth in Clause 12.2;

"**US GAAP**" means accounting principles generally accepted in the United States;

"**US Transfer Documents**" shall have the meaning set forth in Clause 12.2;

"**Warranties**" means the warranties set forth in Schedule 3; and

"**Working Capital**" shall mean as at close of business on the Completion Date as shown by the Completion Accounts, the balance of (i) consolidated aggregate amount of current assets, including without limitation, accounts receivable (including amounts subject to reimbursement pursuant to Clause 10.6 below for the amounts payable under the Management Incentive Plan and the CareFusion Corporation Employee Bonus Plan (collectively, the "**Bonuses**"), and Inventory (subject in each case to appropriate reserves), prepaid expenses and other current assets, the cash surrender value of the pension insurance policies taken out by the Seller with respect to Hans-Joachim Schülke and Paul ter Grote ("**Pension Policies**"), but excluding Cash; less (ii) the consolidated aggregate amount of accounts payable, accrued liabilities (including the Bonuses, which shall be paid by the Purchaser post-Completion pursuant to Clause 10.6 below), Actuarial Pension Liabilities (as defined in Schedule paragraph 8) and Deferred Revenues, in each case determined in accordance with US GAAP applied on a basis consistent with the Audited Financial Statements except as contemplated by clause (i) or clause (ii) of the definition of Deferred Revenues.

1.2. In this Agreement where the context admits:

1.2.1. reference to a Clause, Schedule or paragraph is to a Clause, Schedule or a paragraph of a Schedule of or to this Agreement respectively;

1.2.2. reference to the parties to this Agreement includes their respective successors, permitted assigns and personal representatives;

1.2.3. reference to any party to this Agreement comprising more than one person includes each person constituting that party;

1.2.4. reference to any gender includes the other gender;

1.2.5. reference to any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;

1.2.6. the index, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this Agreement; and

1.2.7. the "**Agreed Form**" in relation to any document means the form agreed between the parties to this Agreement and, for the purposes of identification only, initialed by or on behalf of the parties.

1.3. If provisions in this Agreement include English terms after which, in either the same provision or elsewhere in this Agreement, German terms have been inserted in brackets and/or italics, the respective German terms alone and not the English terms shall be authoritative for the interpretation of the respective provisions.

2. SALE, PURCHASE AND TRANSFER OF SHARES

2.1. The Seller hereby sells to the Purchaser the Shares. The Purchaser hereby accepts such sale from the Seller.

2.2. The Seller hereby transfers the Shares, subject to the following condition precedent (Abtretung). The Purchaser, subject to the following condition precedent, hereby accepts such transfer of the Shares. The aforementioned transfer and acceptance of transfer shall be subject to the condition precedent of the payment of the Completion Payment, which condition is irrefutably presumed to have occurred once the Seller has signed a confirmation of receipt of payment. Seller shall notify the officiating notary in writing (with advance faxcopy to 004969719190219) of its confirmation of receipt of payment and attach a photocopy of its signed confirmation of receipt of payment.

2.3. The Purchaser acquires all ancillary rights and claims pertaining to the Shares free from all Liens and together with all rights of any nature which are now or which may at any time become attached to them or accrue in respect of them including (without limitation) all dividends and distributions declared paid or made in respect of them.

2.4. The obligation of the Seller and the Purchaser to effectuate the Completion of this Agreement, including the obligations of the Purchaser to pay the Consideration, shall be contingent on the Conditions.

3. BREACH OF CONDITIONS, WARRANTIES AND COVENANTS AND LONG STOP DATE

3.1. Subject to the fulfillment or waiver (by the Party to whose benefit the Condition is applicable) of the Conditions, the parties endeavor to effect Completion on 28 May 2010 or as soon thereafter as the Conditions may be satisfied or so waived, but in no event, later than 30 June 2010 or such later date as may be agreed in writing by the parties ("**Long Stop Date**"). If the Conditions have not all been fulfilled or waived by the Party to whose benefit the Condition is applicable, by the Long Stop Date, the Seller, on the one hand, and the Purchaser, on the other hand, shall be entitled to rescind (zurücktreten) this Agreement, and, except as set forth in Clause 3.2, none of the parties shall have any further rights or obligations under this Agreement. A Party shall not be entitled to rescind this Agreement in case that Party has caused a Condition not to be fulfilled.

3.2. Upon termination of this Agreement pursuant to Clause 3.1, there shall be no further obligation or liability hereunder, provided, however, that the provisions of Clauses 3.2. and Clauses 14 through 20 shall survive such termination and provided, further, that no such termination shall affect in any respect any claim a party may have for damages (including, without limitation, fees and expenses of the transaction) in the event one party has caused a Condition not to be fulfilled to avoid Completion of this Agreement.

4. CONSIDERATION

4.1. The Consideration shall be USD 81,000,000 (US Dollars eighty one million) adjusted on the basis of the Completion Accounts as follows ("**Consideration**"):

4.1.1. by adding Cash;

4.1.2. by deducting Indebtedness;

4.1.3. if the Working Capital exceeds USD 9,400,000.00 (US dollars nine million four hundred thousand), by adding a sum equal to the Working Capital in excess of USD 9,400,000.00 (US dollars nine million four hundred thousand); and

4.1.4. if the Working Capital is less than USD 9,400,000.00 (nine million four hundred thousand US dollars), by deducting the amount by which the Working Capital is less than USD 9,400,000.00 (US dollars nine million four hundred thousand).

4.2. Prior to Completion, the Seller shall determine in good faith and in reasonable consultation with the Purchaser an estimate of the Consideration as of Completion ("**Completion Payment**"). The Seller shall no later than five (5) Business Days before Completion notify the Purchaser of the amount of the Completion Payment, setting forth in reasonable detail the basis for the calculation of the Completion Payment.

4.3. On Completion, the Purchaser shall pay the Completion Payment to the Seller by wire transfer of immediately available funds free of any costs and charges into an account of Seller, details of which the Seller shall supply to the Purchaser no later than five Business Days before Completion.

4.4. Within five Business Days of the agreement or determination of the Completion Accounts in accordance with Schedule 1:

4.4.1. if the Consideration (determined on the basis of Completion Accounts) exceeds the Completion Payment, the Purchaser shall pay the balance thereof to the Seller; or

4.4.2. if the Completion Payment exceeds the Consideration, the Seller shall repay to the Purchaser the overpayment of the Consideration.

4.4.3. Any payment to be made pursuant to Clauses 4.4.1 or 4.4.2 shall be made together with interest on the amount payable from and including the day after the Completion Date to (but excluding) the actual date of payment at the rate of three percentage points per annum above the base interest rate (Basiszinssatz) as published from time to time by the German Federal Bank (Deutsche Bundesbank). Such interest shall accrue from day to day, and shall be compounded monthly.

5. COMPLETION

Completion shall take place at the offices of Seller' s Solicitors on the Completion Date when each of the parties shall comply with the provisions of Schedule 7. On the Completion Date, the parties shall take the actions, or cause those actions to be taken ("**Closing Actions**") listed in Schedule 7.

6. WARRANTIES OF SELLER

6.1. The Seller represents and warrants by way of an independent guarantee (selbständiges Garantieversprechen) pursuant to Section 311 para. 1 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) to the Purchaser that on (i) the date hereof and (ii) the later of (x) the Completion Date or (y) in the event a Warranty determines its own reference date, as of such reference date, provided, however, that those Warranties referring to the Company shall apply to the Business from the date of the signing of this Agreement until the date at which the Business is effectively hived out from the Seller to the Company and shall apply to the Company as of Completion.

6.2. Each of the statements set out in Schedule 3 is, and will be true, accurate and complete in all respects and not misleading. The Seller shall be entitled to update all Schedules of this Agreement to reflect the status on the Completion Date with respect to any events or circumstances occurring after signing of this Agreement, within five (5) Business Days of each such event or circumstance. The scope and content of each Warranty of Seller contained in Schedule 3, as well as Seller' s liability arising therefrom shall be conclusively (abschließend) defined by the provisions of this Agreement (including the limitations on Purchaser' s rights and remedies), which shall be an integral part of the Warranties of Seller, and no Warranty of Seller shall be construed as a guarantee (Garantie für die Beschaffenheit der Sache) of Seller within the meaning of sections 443 and 444 of the German Civil Code.

7. LIMITATION ON THE SELLER' S LIABILITY

Seller' s liability in respect of all claims under the Warranties shall be limited as set forth in Schedule 2 except for tax claims, which shall be governed by Schedule 4.

8. TAX INDEMNIFICATION

The Seller shall indemnify and hold harmless the Purchaser, or at the election of the Purchaser the Company or the Subsidiary, pursuant to the tax indemnification clause set out in Schedule 4. Seller' s liability in respect of all claims under the Tax Indemnification shall be determined by and be limited as set forth in Schedule 4 and the reference made therein to Schedule 2.

9. SELLER' S COVENANTS

9.1. Prior to Completion the Seller undertakes to and covenants with the Purchaser what is set forth in Schedule 6.

9.2. The Seller undertakes and covenants with the Purchaser that at Completion Date the Company employs all Key Employees unless a Key Employee objects his/her transfer to the Company pursuant to Sec. 613 a of the German Civil Code or fails to transfer for other reasons beyond the control of the Seller, for example death. The Seller will pay all amounts that become payable to Employees under the Personal Incentive Plan and Other Incentive Plan of the Business with respect to the fiscal year ending 30 June 2010 when due and will invoice the Company for its pro rata share of such amounts (which for example would be 1/12th of such amounts if Completion occurs on 28 May 2010) unless such amounts are otherwise effectively paid by the Purchaser through inclusion of a prepaid amount equal to the Company' s pro rata share within Working Capital. The Purchaser shall cause the Company to pay any such invoice within ten (10) days after receipt.

9.3. The Seller undertakes and covenants that (i) Seller will file the trade registry application for the registration of the Company, (ii) Seller will execute the Hive Out Agreement, and (iii) the Hive Out Agreement shall not be amended in a manner that adversely affects the Company or the Subsidiary without the consent of the Purchaser in its sole discretion, and shall not be amended in any other respect without the consent of Purchaser, which shall not be unreasonably withheld or delayed.

9.4. Attached hereto as Schedule 5.3 is a full and complete description of the possible product defect relating to the V1 Adapter (as defined in such Schedule).

The Seller agrees to take all action necessary to correct the Problem (as defined in Schedule 5.3) and any matters arising therefrom, including, without limitation, the replacement, repair or reworking of the V1 Adapter, all shipping and other costs related thereto, and all regulatory compliance required in connection there with, in each case as determined by Seller in its reasonable judgment and in the same manner as it would have determined had it continued to own the Business after Completion (the "Required Action"). In addition, the Seller shall indemnify and hold harmless the Purchaser and the Company from and against any and all cost, loss, and expense (including, without limitation, reasonable attorneys' fees and expenses), but excluding indirect and consequential damages and lost profit, relating to: (a) the Required Action; (b) any claims by any customer or study participant associated with or arising out of the Problem; or (c) any claims by any governmental agency or regulatory authority, including any investigation and determination, associated with or arising out of the Problem (any such claims described in clauses (b) and (c) shall be considered Third Party Claims governed by Clause 5 of Schedule 2).

The obligations of the Seller hereunder shall be without limit as to time or amount. All claims by Purchaser relating to or arising from the Problem shall be exclusively governed by this Clause 9.4 and, other than the parties' agreement to comply with Clause 5 of Schedule 2, as set forth above in this Clause 9.4, Schedule 2 shall not apply to such claims or to the Seller' s obligations under this Clause 9.4.

10. WARRANTIES AND COVENANTS OF PURCHASER

10.1. The Purchaser represents and warrants by way of an independent guarantee (selbständiges Garantieversprechen) pursuant to Section 311 para. 1 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) to the Seller that, on the date hereof and the Completion Date each of the statements set out in following is, and will be true, accurate and complete in all respects and not misleading. No Warranty of Purchaser shall be construed as a guarantee (Garantie für die Beschaffenheit der Sache) of Seller within the meaning of sections 443 and 444 of the German Civil Code.

10.2. Authorization of the Purchaser: The Purchaser is a German limited partnership validly existing and in good standing under the laws of the Federal Republic of Germany and has the requisite power and authority to execute, deliver, and perform this Agreement and each other document contemplated thereby to which it is a party and perform the transactions contemplated by this Agreement. Such execution, delivery and performance have been duly authorized by all necessary corporate action and do not violate the articles of association or by-laws of the Purchaser. This Agreement and each other document contemplated hereby constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser under applicable laws in accordance with its respective terms.

10.3. No additional consents: Neither the execution nor the performance of the transactions contemplated hereby require any person to give notice to or, save for the filing with the relevant merger control authorities, filing or obtain third party consent. The execution or performance of this Agreement does not violate any applicable law or decision by any court or governmental authority binding on the Purchaser or any obligations of the Purchaser.

10.4. No challenge: There is no action, suit, investigation or other proceeding pending, or to the best knowledge of the Purchaser threatened, or which ought reasonably to be expected against or affecting the Purchaser, before any court or arbitral or governmental body or agency which in any manner challenges or seeks to prevent, alter or materially delay the transactions contemplated by this Agreement, and there are no facts or circumstances likely to give rise to any such challenge.

10.5. Except as may be required pending the transfer or reregistration of licenses and Permits and obtaining regulatory approvals required for the manufacture, use or sale of the Company' s products or the provision of services, the Purchaser shall cause the Company and the Subsidiary to cease making use of the trade names, trademarks and product or service marks of Seller, Cardinal Health Inc., and any of their respective Affiliates as soon as reasonably feasible but in no event later than twelve (12) months from Completion, to remove any reference to any such names, marks or expressions from all products, products promotions or advertising material, business cards or any other items and to change its corporate name to delete any reference or similarity to "CareFusion", "Cardinal Health" or corporate names of the Seller Group, except in each case to the extent explicitly set out in separate written agreements entered into by the parties, provided, however, that the tradenames, trademarks, product or service marks of "Cardinal Health" shall not be used at all after the Completion Date, except as set forth in the TTSA. The Purchaser and the Company shall indemnify for, and hold harmless against, the Seller from any and all claims and liabilities resulting from the continued use by the Company or any of its Affiliates of the trademark/logos of the Seller and its Affiliates and/or Cardinal Health, Inc.

10.6. The Company shall pay the Bonuses to the beneficiaries on or before September 30, 2010.

11. COOPERATION

11.1. The parties shall reasonably cooperate with each other with an aim at enabling the Company to obtain or register all licenses, Permits and regulatory approvals necessary to conduct the Business. Notwithstanding anything to the contrary, Seller shall allow Purchaser to use existing licenses, Permits and regulatory approvals until the necessary licenses, Permits and regulatory approvals are obtained or registered by the Company.

11.2. For the period of time until the regulatory approvals have been obtained the parties shall reasonably cooperate with each other to put the Company in the position it would have been in had such regulatory approvals been obtained on the Completion Date.

11.3. The parties agree that for tax purposes the Hive Out will not have retroactive effect. To this end, the Purchaser shall cause the Company not to file after the Completion an application pursuant to Section 20 para. 5 of the German Reorganization Tax Act (*UmwStG*).

11.4. Seller will cooperate at the request of the Purchaser to obtain any consent of Ernst & Young required with respect to the inclusion of the Financial Statements in any securities filings of the ultimate parent of the Purchaser.

12. CROSS INDEMNIFICATION AND TRANSFER OF US EMPLOYEES AND US AND OTHER NON-GERMAN ASSETS

12.1. The parties acknowledge that the Seller and the Company will agree in the Hive Out Agreement, a copy of which has been attached hereto as Schedule 8, to cross-indemnify one another with respect to the statutory joint and several liability (gesamtschuldnerische Haftung) pursuant to Sec. 133 UmwG (the "**Cross-Indemnification Obligation**"), it being understood that the Guaranty shall also cover the Cross-Indemnification Obligation. For clarity, the Cross Indemnification Obligation is exclusive to the Hive Out Agreement. If the Company would be liable under a Cross-Indemnification Obligation to the Seller for a liability allocated in the Hive Out Agreement to the Business, the parties agree that, notwithstanding such provisions of the Hive Out Agreement, to the extent the Seller is liable to the Purchaser under this Agreement for the same liability, the Company shall not be liable thereunder.

12.2. At Completion, the Seller shall cause its Affiliates that own the US assets of Seller' s Group relating to the Business and listed in the bill of sale, assignment and assumption agreement (the "**US Assignment**"), and assignment of trademarks and copyright assignment agreement attached hereto as Schedule 10 (collectively, the "**US Transfer Documents**") to execute and deliver such documents at Completion. The purchase price for the sale and transfer of these assets is included in the Consideration.

12.3. Upon Completion, the Seller shall cause its Affiliates owning any non-German assets of the Seller' s Group that relate to the Business and are listed in the trademark assignment and transfer agreement attached hereto as Schedule 11, to execute and to deliver such document(s) at Completion. The purchase price for the sale and transfer of these assets is included in the Consideration.

12.4. The parties will cooperate and support each other to transfer the employees which are employed by US entities of Seller' s Group by means of such entities terminating employment and Purchaser or an Affiliate of Purchaser hiring such employees effective as of Completion. The Purchaser shall, or shall cause its Affiliate that hire such employees to, execute and deliver the US Assignment at Completion.

13. INFORMATION

The Seller shall provide, or procure to be provided, to the Purchaser all such information in its possession or under its control as the Purchaser shall from time to time reasonably require after the Completion Date necessary to conduct the Business (as it was conducted on Completion) and affairs of the Company if and to the extent any such information is not in the possession of the Company or cannot be procured, without unreasonable effort, by the Company.

14. ANNOUNCEMENTS

No announcement, communication or circular concerning this Agreement shall be made (whether before or after the Completion Date) by or on behalf of the parties without the prior approval of the other (such approval not to be unreasonably withheld or delayed) save for:

14.1. announcements to employees, customers, suppliers and agents of the Company and/or the Purchaser and/or any company which is a member of the same group as the Purchaser in such form as may be reasonably required by the Purchaser; and

14.2. such announcements as may be required by law or applicable rules and regulations of stock exchanges, provided that the Seller and Purchaser shall provide each other with a draft of such announcement as soon as practicable and shall cooperate in connection with any such announcement so as to (i) reasonably comply with such laws and regulations, (ii) be consistent with such announcements, and (iii) prior to Completion, maintain confidentiality of confidential commercial information the disclosure of which would cause substantial harm to a party or its Affiliates.

15. COSTS

Each of the parties shall bear and pay its own legal, accountancy, actuarial and other fees and expenses incurred in and incidental to the preparation and implementation of this Agreement, it being understood that in no event shall the Company bear any of such fees and expenses. As between the parties, any transfer taxes and similar domestic or foreign taxes or charges and the costs and fees of the notary resulting from the execution and consummation of this Agreement and the Deed in Reference shall be borne by the Purchaser. Subject to Completion, Purchaser agrees to share equally any audit and review fees incurred prior to Completion in connection with the Audited Financial Statements and review of the Quarterly Financial Statements up to a maximum contribution of USD 400,000.00 (US dollars four hundred thousand) ("**E&Y Audit Costs**"), which E&Y Audit Costs shall be paid promptly following receipt of an invoice therefor. Any costs in excess of the aforesaid amount shall be borne by the Seller. Any costs for the execution and notarization of the Hive Out shall be borne by the Seller.

16. ASSIGNMENTS

This Agreement and any rights and obligations hereunder cannot be transferred or assigned in whole or in part without the prior written consent of the other party, except Purchaser may assign any of its rights and obligations under this Agreement to any subsidiary or Affiliate without prior consent, provided, however that the Purchaser shall be jointly and severally liable *(haftet gesamtschuldnerisch)* for any and all obligations under this Agreement.

17. ENTIRE AGREEMENT

This Agreement, together with the Schedules attached hereto and subject of the Deed in Reference, constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior written and oral agreements between the parties hereto and all contemporaneous oral agreements between the parties hereto, relating to the transaction contemplated hereby.

18. SEVERABILITY

Should any provision of this Agreement, or any provision incorporated into this Agreement in the future, be or become invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement shall not be affected thereby. Instead of the invalid or unenforceable provision a suitable and equitable provision shall apply that, so far as is lawfully possible, comes as close as possible to the intent and purpose of the invalid or unenforceable provision. The same shall apply: (i) if the parties have, unintentionally, failed to address a certain matter in this Agreement (*Regelungslücke*), in which case a suitable and equitable provision shall be deemed to have been agreed upon which comes as close as possible to what the parties, in the light of the intent and purpose of this Agreement, would have agreed upon if they had considered the matter; or (ii) if any provision of this Agreement is invalid because of the scope of any time period or performance stipulated herein, in which case a time period or performance permitted by law shall be deemed to have been agreed which comes as close as possible to the stipulated time period or performance.

19. NOTICES

All notices and other communications hereunder shall be made in writing and shall be sent by facsimile, certified mail or reputable courier to the following addresses:

If to the Seller, to:

CareFusion Corporation

Joan Stafslien
Executive Vice President, General Counsel and Secretary
3750 Torrey View Ct.
San Diego, CA 92130
USA

with a copy to

DLA Piper UK LLP
Christoph Papenheim
Westhafenplatz 1
60327 Frankfurt am Main
Germany

If to the Purchaser, to:
eResearchTechnology, Inc.

Keith Schneck
Executive Vice President & Chief Financial Officer
1818 Market Street, Suite 1000
Philadelphia, PA 19103
USA

with a copy to:
Pepper Hamilton LLP
Barry Abelson
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103
USA

or to such other recipients or addresses which may be notified by any party to the other party in future and in writing.

20. GOVERNING LAW AND ARBITRATION

20.1. This Agreement shall be governed by, and be construed in accordance with, the laws of the Federal Republic of Germany, without regard to principles of conflict of laws and excluding any applications of the "United Nations Convention on Contracts for the International Sale of Goods of April 11, 1980".

20.2. All disputes, controversies or differences arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination ("**Disputes**") shall be settled amicably by negotiation between the parties within thirty (30) Business Days from the date of written notice of either party of the existence of such Dispute.

20.3. Failing such amicable settlement, all Disputes shall be finally settled under the rules of the Arbitration of the American Arbitration Association ("**AAA**") before a single arbitrator selected under the rules of the AAA.

If the amount in controversy exceeds USD 10,000,000 million (US Dollars ten million) either party shall have the right to have the Dispute resolved before a panel of three arbitrators. In such case, one arbitrator shall be selected by the claimant, a second shall be appointed by the parties against whom the claim is brought within fifteen Business Days of the receipt of the notice identifying the arbitrator appointed by the claimant. If the second arbitrator is not appointed within such fifteen day period, AAA shall promptly make such appointment. The two arbitrators so appointed shall appoint a chair of the panel within fifteen Business Days of the appointment of the second arbitrator. Each party may apply to any competent judicial authority for conservatory and interim measures before or during the arbitral proceedings.

20.4. The place of arbitration shall be New York, NY, USA. Unless the parties agree otherwise, the rules of the AAA applicable in the venue shall apply. The language of the arbitral proceedings shall be English.

20.5. In the event that mandatory rules of the applicable law requires any matter arising out of or in connection with this Agreement and its execution to be decided upon by an ordinary court of law, any competent jurisdictional authority shall have exclusive jurisdiction.

The notary advised the persons appearing that

the Purchaser of the Shares assumes the unlimited liability, if any, jointly with its legal predecessor in the Shares for contributions on shares not fully paid up, for differences between the nominal value of shares and the value of contributions in kind thereon and for repayment of contributions on shares;

shares in a German Limited Liability Company can only be validly transferred if the transferor of the shares is the rightful owner of the shares (and did not dispose of the shares earlier), unless the requirements for a *bona fide* acquisition pursuant to sec. 16 para. 3 German Limited Liability Companies Act (*GmbHG*) are fulfilled;

according to section 40 para 2 GmbHG, the notary must file a list of shareholders signed by himself with the Commercial Register immediately after the transfer of the Shares has become effective and that he has to provide the Company with a copy of such list;

in relation to the Company only such person is considered as owner of the sold Shares who has been named as such in the shareholders list held on record with the Commercial Register;

a legal act of the Purchaser with regard to the corporate relationship which has been taken before the new shareholders' list stating the Purchaser as owner of the Shares has been filed with the Commercial Register is deemed to be valid from the beginning if the new shareholders' list is held on record with the Commercial Register without undue delay after such legal act has been taken;

until the shareholders' list naming the Purchaser is held on record with the Commercial Register a bona fide acquisition of the Shares by third parties is possible pursuant to sec. 16 para 3 GmbHG;

he is unaware of the tax situation of the parties and that he did not check the tax consequences of this Agreement and that, if required, the parties should seek the advice of an auditor or a tax adviser before the execution of this Agreement;

the notary is obliged pursuant to section 54 German Income Tax Implementation Ordinance (*EStDV*) to submit one copy of this deed to the tax authorities; and

the parties are jointly liable for the costs of this deed, regardless of the provisions therein.

The above recording, all Schedules and Appendices were submitted to the deponents for inspection and were approved by them. The deponents waived their right to have read out the following documents:

Appendices II, III, IV Schedule 1 and 3, V, VII, VIII, IX, X and XI.

Schedules 6.1, 9.1 A, 11.1, 11.3, 11.8, 11.10, 11.12, 11.16, 11.17, 12.1, 12.6, 13.1, 13.2, 15.1, 15.6, 15.7a, 15.7b and 15.9.

Instead, the above listed documents were signed by the deponents on each page.

The above recording, all Schedules and Appendices except for the documents listed above were read out to the deponents by the deputy notary − the Appendices I, VI and XII were read out in German −.

Then, the above recording was signed by the deponents and the deputy notary in their own hands as follows:

signed Dr. Chistoph Papenheim
signed Dr. Thomas Schulz
Seal signed Dr. Frank Schreiber, Notarvertreter

SCHEDULE 1

Completion Accounts

Part 1

1. The Completion Accounts shall comprise a consolidated balance sheet of the Business as at close of business on the Completion Date prepared in accordance with US GAAP applied on a basis consistent with the Audited Financial Statements except for changes in Deferred Revenues based on clause (i) of the definition of Deferred Revenues (for example, the Audited Financial Statements are based on amounts that would be deferred if revenues for project management services had been recognized on a straight-line basis over the duration of the contract rather than the Business' historical practice of revenue recognition, which has been based on the Business' estimate of labor hours expected to be spent on such services over the duration of the contract, which Seller may use in preparing the Draft Completion Accounts, subject to the proviso in clause (i) of the definition of Deferred Revenues); provided, that for purposes of this Schedule 1 Clause 1 goodwill shall not be subject to the provisions of Schedule 1 Clause 6 below.

2. The Completion Accounts shall be prepared by the Seller in accordance with US GAAP, on a basis consistent with the Audited Financial Statements.

3. The Seller shall procure the preparation and submission to the Purchaser of a draft of the Completion Accounts ("**Draft Completion Accounts**") as soon as reasonably practicable and in any event within 20 Business Days of Completion. The Purchaser shall within 45 Business Days of receipt of the Draft Completion Accounts give notice to the Seller ("**Notice**") stating whether or not it agrees with the Draft Completion Accounts and in the case of disagreement, the item or items in dispute, the reasons for such dispute and details of its proposed adjustments to the Draft Completion Accounts. Notwithstanding clause (i) of the definition of Deferred Revenues, if the method for recognizing revenues for project management services is adjusted from the Audited Financial Statements to the Draft Completion Accounts and Purchaser disagrees with the calculation of Deferred Revenues in the Draft Completion Accounts because it reasonably believes that the proportional amount of effort left to complete the services is not representative of what the actual unbooked revenue is, then Purchaser shall include this matter in its Notice as an item in dispute to be governed by this Schedule.

4. If the Purchaser does not give the Notice within the prescribed period, then it shall be deemed to have agreed to the Draft Completion Accounts which shall constitute the Completion Accounts.

5. If the Notice states that the Purchaser agrees with the Draft Completion Accounts, then such accounts shall constitute the Completion Accounts.

6. If the Notice states that the Purchaser disagrees with the Draft Completion Accounts then:

6.1 the Seller and Purchaser shall endeavor to agree in good faith to those items detailed as disputed in the Notice and shall be deemed to have agreed to all other items in the Draft Completion Accounts;

6.2 if all the items in dispute are resolved by agreement between them, the Seller and the Purchaser shall without undue delay sign a joint statement appending a copy of the Draft Completion Accounts adjusted to reflect the disputed items as so agreed and confirming that such accounts constitute the Completion Accounts;

6.3 if within 30 Business Days of receipt of the Notice, the Seller and the Purchaser have not agreed on the Completion Accounts in accordance with Schedule 1, Part 1, Clause 3, the item or items that remain in dispute shall be referred for determination by an Expert in accordance with the provisions of Part 2 of this Schedule upon the written request of either the Seller or the Purchaser; and

6.4 if the Seller and the Purchaser do not agree the Completion Accounts in accordance with Schedule 1, Part 1, Clause 3, then the Draft Completion Accounts shall be adjusted to reflect:

6.4.1. any disputed items that are agreed between the Seller and the Purchaser in writing;

6.4.2. the Expert' s determination made pursuant to Part 2 of this Schedule with respect to the disputed items; and

6.4.3. shall constitute the Completion Accounts.

6.5 For the purpose of the calculation of Cash, Indebtedness, Working Capital and the Consideration, (i) the relevant amounts shall be as shown in the Draft Completion Accounts if no Notice is duly delivered by the Purchaser, or (ii) if such a Notice is duly delivered, either as agreed by the Purchaser and the Seller pursuant to Schedule 1, Part 1, Clause 3, or, in the absence of such agreement, as shown in the Draft Completion Accounts as adjusted pursuant to Schedule 1, Part 1, Clause 6.4.

7. Save as provided in Part 2 of this Schedule, the parties shall bear and pay their own costs incurred in connection with the preparation, review and agreement or determination of the Completion Accounts.

8. The Seller shall submit to the Purchaser a statement of Allianz AG showing the cash surrender value of the Pension Policies and the actuarially computed pension liabilities ("**Actuarial Pension Liabilities**") for which such balance is maintained on the Completion Date.

Expert

Part 2

1. Expert shall be BDO Deutsche Warentreuhand AG or any other accounting firm having international reputation (the "**Expert**"). If such accounting firm is unwilling or unable to act as the Expert and the parties cannot mutually agree upon another Expert with international reputation within two weeks, an Expert with international reputation shall be appointed, upon request of either party, by the Institute of Chartered Accountants (*Institut der Wirtschaftsprüfer*) in Düsseldorf. Each of the Seller and Purchaser for itself and on behalf of its Affiliates represent that neither it nor its counsel employ or have employed the Expert under any engagements where during the preceding 36 months the Expert was paid in excess of USD 100,000 in the aggregate.

2. The Expert, acting as an expert (Schiedsgutachter) and not as an arbitrator (Schiedsrichter), shall, based on the standards set forth in Part 2, Clause 1 above, decide whether and to what extent the Draft Completion Accounts require adjustment. The Expert, in making its determination, shall only take into account any remaining differences submitted to it and shall limit its determination to the scope of the dispute between the parties. Section 317 of the German Civil Code shall not apply. The Expert shall be entitled (i) to determine the conduct of proceedings and shall give the parties adequate opportunity to present their arguments; (ii) to decide on the interpretation of this Agreement to the extent relevant for its decision; and (iii) to render a written reasoned decision. The Expert shall not reach conclusions beyond the position of the party (or parties) as reflected in the Notice.

3. The Purchaser and the Seller shall cooperate with and assist, and shall cause their respective accountants and the Company to cooperate with and assist, the Expert in the conduct of its review. Such cooperation and assistance shall include, without limitation, the making available to the Expert of all relevant books and records of the Companies and any other information relating to the Companies (including accountants' work papers).

4. The parties shall instruct the Expert to deliver its written opinion (including reasons for the Expert' s decision on each disputed item) to them not later than two months (or within any other period of time mutually agreed) after the remaining differences have been referred to it. The decision of the Expert shall be conclusive and binding on the parties (within the limits set forth in Section 319 of the German Civil Code (Bürgerliches Gesetzbuch − "**BGB**")) and shall not be subject to any appeal. The fees and disbursements of the Expert shall be allocated between the Seller and the Purchaser in proportion to their respective success and defeat pursuant to Section 91 of the German Code of Civil Procedure (*Zivilprozessordnung* − "**ZPO**").

SCHEDULE 2

Seller' s Liability

1. Remedies of the Purchaser for Breach of Warranties or Covenants

1.1 In the event of a breach of any of the Warranties or a Covenant of the Seller, the Purchaser shall promptly notify the Seller of that breach, describe its claim in reasonable detail and, to the extent then feasible, set forth the estimated amount of such claim.

1.2 Subject to the limitations set forth in this Agreement, if there is any breach or non-fulfillment of any of the Warranties or Covenants set forth herein, the Purchaser shall have the right at its option to (i) waive such breach or non-fulfillment; (ii) cause the Seller within no later than 10 Business Days after it has received written notice from Purchaser of such breach of Warranty or Covenant to put the Purchaser or the Company in such respective position in which the Purchaser or the Company (as the case may be) would have been in had the Warranty or Covenant not have been breached (i.e. restitution in kind; Naturalrestitution); (iii) cause the Seller to pay such monetary damages in an amount equal to any Losses from or in connection with any breach of Warranties or Covenants (Schadensersatz in Geld), to the Purchaser or, alternatively and at the election of the Purchaser, to the Company provided, however, that if such breach or non-fulfillment occurs prior to Completion and results in a Material Adverse Effect such that the Condition set forth in Clause 8 of Schedule 5 has not been satisfied then, for the avoidance of doubt, the Purchaser, but not the Seller, shall have the rights under Clause 3.1. The Purchaser shall in no event be entitled to any double recovery for any Losses under separate provisions of the Agreement or pursuant to any provision of the law.

1.3 "Losses" shall mean all liabilities, reasonable costs and expenses and other damages within the meaning of Sections 249 et seq. of the German Civil Code, on a Euro-for-Euro basis, including consequential or indirect damages (Folgeschäden, mittelbare Schäden), lost profits (entgangener Gewinn), frustrated expenses (vergebliche Aufwendungen) within the meaning of Section 284 of the German Civil Code. Any Loss shall be computed net of (i) any present advantages and benefits (ii) of any amounts which are received or would have been received by the Company in respect of such Losses if the Company had in place a policy of insurance having substantially the same terms as are commercially reasonable at the time of the Loss with policy limits substantially the same as those that are commercially reasonable at the time of the Loss, and any amounts due to post-Completion changes to law including, but not limited to, tax rules or laws and applicable accounting rules and standards. For the avoidance of doubt, neither the Purchaser nor the Company shall be obligated to change its respective conduct of business in order to reduce any damages actually suffered by any of them. The statutory obligation to mitigate damages pursuant to Section 254 of the German Civil Code, as such obligation is interpreted under German law, shall remain unaffected.

2. Limitations on Liability

2.1 The Seller shall only be liable for any Losses arising from a breach of any Warranties, but for the avoidance of doubt not Covenants, contained in this Agreement if Losses, in the aggregate, exceed an amount of one percent (1%) of the Consideration, and in such event, the Seller shall be required to pay the entire amount of all such Losses, provided that, this limitation shall not apply to Losses related to the failure to be true and correct of any of the representations and warranties set forth in Schedule 3, Clause 7.

2.2 The aggregate liability of the Seller for all breaches of Warranties, but for the avoidance of doubt not Covenants, shall be limited to USD 37,500,000 (US Dollars thirty seven million five hundred thousand), provided that there shall be no limit with respect to Warranties contained in Schedule 3, Clause 1 (Organization and Good Standing); Schedule 3, Clause 2 (Authority; No Conflict); Schedule 3, Clause 3 (Capitalization; Title to Shares); and the last sentence of Schedule 3, Clause 5.1 (No Claims).

2.3 The limitations of this Clause 2 and of Clause 3 below shall not apply to any claims of the Purchaser which are based on fraud or willful misconduct (Vorsatz) of the Seller.

2.4 In the event that a fact or circumstance results in the breach of more than one of the Warranties, the Purchaser can recover Losses only from the breach resulting in the greatest amount of Losses.

3. Limitation Period

3.1 Except as otherwise provided herein, all claims of the Purchaser for the breach of the Warranties contained in Schedule 3, Clause 1 (Organization and Good Standing); Schedule 3, Clause 2 (Authority; No Conflict); and Schedule 3, Clause 3 (Capitalization; Title to Shares) shall be time-barred (*verjähren*) upon expiration of a period of ten (10) years after the date hereof. All claims of the Purchaser for the breach of the other Warranties under this Agreement shall be time-barred upon expiration of a period of eighteen (18) months after the date hereof.

3.2 Any limitation period in respect of claims for a breach of Warranty pursuant to this Agreement shall be suspended (*gehemmt*) only in the event of the commencement of arbitration proceedings (in accordance with Clause 20 of the Agreement) within the applicable limitation period (Section 204(1) no. 1 of the German Civil Code). Section 203 in connection with Section 209 of the German Civil Code shall not apply.

4. Exclusion of Further Remedies

4.1 The parties agree that the rights and remedies which the Purchaser or the Company may have with respect to the breach of any Warranties by the Seller contained in this Agreement are limited to the rights and remedies explicitly contained herein and that, in particular, any and all further damage claims based on any such breach by the Seller are excluded.

4.2 The rights and remedies of the Purchaser or the Company hereunder for any breach of a Warranty, including the rights and obligations under this Schedule 2 are the sole remedies of the Purchaser against the Seller in connection with such breach. The Purchaser hereby waives any claims under statutory remedies for defects of the object of purchase (Sections 433 et seq. of the German Civil Code), statutory contractual or pre-contractual obligations (Sections 280 through 284, 311 of the German Civil Code) or frustration of contract (Section 313 of the German Civil Code) or tort (Sections 823 et seq. of the German Civil Code).

4.3 The provisions of this Clause 4 shall not affect any mandatory rights and remedies of the Purchaser for fraud or willful misconduct (Vorsatz) of the Seller, e.g., Section 826 of the German Civil Code or Section 823(2) of the German Civil Code in connection with criminal offences committed with intent (*vorsätzlich*).

5. Third Party Claims / Conduct of Claims

5.1 In the event that any action, claim, demand or proceeding with respect to which the Seller may be liable under this Agreement, including any claim that the Purchaser' s, the Company' s or the Subsidiary' s performance, manufacture, use and/or sale of products and/or services related to the Business infringes any intellectual property right of any third party, ("**Third Party Claim**") is asserted or announced by any third party (including any governmental authority) against the Purchaser or the Company ("Claim Addressee"), the Purchaser shall enable, at the sole expense of the Seller, the Seller to defend the Claim Addressee against the Third Party Claim. The Seller shall have the right to defend the Claim Addressee by all appropriate actions and shall have, at any time during the proceedings, coordinate such defense with and interact with the Purchaser. In particular, the Seller may participate in and direct all negotiations − upon coordination with the Purchaser − correspondence with the third party and appoint and instruct counsel. No action by the Seller or its representatives in connection with the defense shall be construed as an acknowledgement (whether express or implied) of the Purchaser' s claim under this Agreement or of any underlying facts related to such claim.

5.2 The Purchaser agrees, and shall cause each Claim Addressee, at the sole expense of the Seller (i) to fully cooperate with, and assist the Seller in the defense of any Third Party Claim; (ii) to diligently conduct the defense (to the extent that the Seller is not in control of the defense); (iii) not to acknowledge or settle the Third Party Claim without the Seller' s prior written consent, which shall not be unreasonably withheld or delayed; (iv) to provide the Seller' s representatives access, upon reasonable advance notice and during normal business hours, to all relevant books and records, other information, premises (regardless of owned or leased) and personnel of the Company; (v) to allow the Seller and its representatives to copy or photograph any assets, accounts, documents and records for the purpose of avoiding, disputing, defending, appealing, compromising or contesting any Third Party Claim or liability as the Seller or its advisors may reasonably request; (vi) to deliver to the Seller without undue delay copies of all relevant orders (Bescheide), decisions, filings, motions and other documents of any court, authority or party to the conflict; and (vii) to give the Seller reasonable opportunity to comment on and discuss with the Purchaser and the Company any measures which are necessary or appropriate to take or to omit in connection with a Third Party Claim, and to comment on and review any reports and documents and to participate in all relevant court hearings and any other meetings (it being understood that subsections (ii) − (vii) above shall apply, irrespective of whether or not the Seller has elected to defend the Third Party Claim).

5.3 The failure of any Claim Addressee to comply with any of its obligations under this Clause 5 shall release the Seller from its respective indemnification obligation hereunder to the extent that the Seller is prejudiced by such failure.

SCHEDULE 3

The Warranties

1. Organization and Good Standing

1.1 Commencing with its date of incorporation, both the Company and the Subsidiary are limited liability corporations (*Gesellschaft mit beschränkter Haftung*) duly organized and validly existing under the laws of the Federal Republic of Germany. The Company has not operated any business other than its incorporation and any transactions necessary to be completed in connection therewith.

1.2 The Company (as of the date of its incorporation), the Subsidiary and the Seller is each a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it proposes to own or use, and to perform all its obligations under the Transaction Documents.

2. Authority; No Conflict

2.1 The Seller has all requisite corporate power and authority, to execute and deliver this Agreement, the TSA, the Supply Agreements and software license agreements and quality assurance agreements as described in Schedule 7 (collectively, with this Agreement, the "**Transaction Documents**") and the consummation of the transactions contemplated herein and therein are within its respective powers.

2.2 The execution and delivery by the Seller of the Transaction Documents and the consummation of the transactions contemplated herein and therein do not and will not directly or indirectly (with or without notice or lapse of time):

2.2.1 breach or result in a default, require any consent or give to others any rights of termination, acceleration, suspension, revocation, cancellation or amendment of any material agreement to which the Company or the Subsidiary is a party or by which any of them or any of their respective assets are bound or subject;

2.2.2 breach or otherwise violate any order, writ, judgment, injunction or decree issued by any court, tribunal, adjudicatory authority, governmental official or entity to which the Company or the Subsidiary or any of their respective assets are bound or subject;

2.2.2 result in the creation of any Lien on the assets of the Company or the Subsidiary or the Shares;

2.2.3 violate, or give any person the right to challenge any of the transactions contemplated hereby or by any of the other Transaction Documents or to exercise any remedy or obtain any relief under, any law, rule, regulation, ordinance or code of any governmental entity to which the Company, the Subsidiary or any of their respective assets are bound or subject;

2.2.4 except as set forth in Schedule 12.6, require any consent, authorization, approval, exemption or other action by, or any filing, registration or qualification with, any person; or

2.2.5 violate any provision of the charter or other organizational documents of the Company or the Subsidiary, including, without limitation, the articles of association of the Company or the Subsidiary.

2.3 Assuming compliance with any applicable requirements under merger control laws or any other regulatory requirement, the execution and performance of this Agreement by the Seller requires no approval or consent by any governmental authority and does not violate any applicable law or decision by any court or governmental authority binding on the Seller.

3. Capitalization; Title to Shares

3.1 Upon the Hive Out being registered in the Commercial Register, the authorized share capital of the Company consists of 25,100 shares, par value EUR 1 per share, of which all shares are issued and outstanding and constitute the Shares.

3.2 The Seller is the sole record and beneficial owner of the Shares, free and clear of any and all Liens. Seller has the power and authority to sell, transfer, assign and deliver such Shares as provided in this Agreement, and such delivery will convey to Purchaser good and unrestricted title to such Shares, free and clear of any and all Liens.

3.3 The contributions on the Shares have been fully paid up and the Shares are not subject to any subsequent contribution obligation.

3.4 The Company does not hold any equity interest in any entity except for the Subsidiary. The Company holds good and unrestricted title in all of the shares in the Subsidiary.

3.5 Neither the Company nor the Subsidiary is a party to an enterprise agreement within the meaning of Sections 291 and 292 of the German Stock Corporation Act (*Aktiengesetz*) or a comparable agreement under any other jurisdiction. Schedule 3.5 contains current, true and accurate copies of the articles of association and for the Subsidiary an excerpt from the Commercial Registers and reflects all facts and information that require registration for the Company and the Subsidiary; no additional articles of association or other agreement between shareholders exist. All facts relating to the Subsidiary that can or must be registered in such excerpt have actually been registered.

4. Subsidiary

4.1 The information provided in Preamble C regarding the Subsidiary is correct.

4.2 The Subsidiary has all requisite corporate or entity power and authority to own its properties and carry on its business as presently conducted. The shares of the Subsidiary are validly issued, fully paid and non-assessable and were not issued in violation of any purchase or call option, right of first refusal, subscription right, preemptive right or any similar right. No shares of capital stock are held by the Subsidiary as treasury stock. There is no existing option, warrant, call, right or contract to which the Subsidiary is a party requiring, and there are no convertible securities of the Subsidiary outstanding which upon conversion would require, the issuance of any shares of capital stock or other equity interests of the Subsidiary or other securities convertible into shares of capital stock or other equity interests of the Subsidiary. There are no material restrictions on the ability of the Subsidiary to make distributions of cash to the Company.

5. Financial Statements

5.1 Attached as Schedule 5.1(a) hereto are true and complete copies of the draft consolidated unaudited financial statements for the Business (as carve-out financial statements on the basis of the financial statements of the Seller) and the Subsidiary as of December 31, 2008 and 2009 and for the respective periods then ended (the "**Unaudited Financial Statements**"). The Seller will deliver, prior to Completion, consolidated unaudited financial statements for the Business (the "**Quarterly Financial Statements**") as of and for the calendar quarter ended 31 March 2010 (the Audited Financial Statements, the Unaudited Financial Statements and the Quarterly Financial Statements, being collectively referred to as the "**Financial Statements**"). The Quarterly Financial Statements and the Audited Financial Statements will be, and to Seller' s Knowledge, the Unaudited Financial Statements are, correct and complete in all material respects and will be or were, as the case may be, prepared in accordance with the books of account and other financial records of the Seller, the Company and the Subsidiary and US GAAP applied on a consistent basis. The Quarterly Financial Statements will have been reviewed under SAS 100 by Ernst & Young. The Quarterly Financial Statements and the Audited Financial Statements will present, and to Seller' s Knowledge the Unaudited Financial Statements present, fairly, in all material respects, the financial position, assets and liabilities and results of operations of the Company, the Business and the Subsidiary as of the respective dates thereof and during the respective periods covered thereby, subject, in the case of the Quarterly Financial Statements, to normal recurring year-end adjustments. The Business and the Company did not have any liabilities, accruals or Indebtedness required to be set forth in the balance sheet as of December 31, 2009 included in the Audited Financial Statements in accordance with US GAAP other than as set forth therein, and as of Completion, the Business and the Company will not have any liabilities, accruals or Indebtedness that are required to be set forth in the Completion Accounts in accordance with US GAAP other than those set forth in the Audited Financial Statements, or incurred in the ordinary course of business after the Balance Sheet Date and,

in each case, set forth in the Completion Accounts to the extent required to be set forth in the Completion Accounts in accordance with US GAAP. In addition, to Seller' s Knowledge, as of Completion, the Business and the Company will not have any liabilities, accruals or Indebtedness other than as set forth in the Completion Accounts or described in Schedule 5.3. As of the date hereof, neither the Seller nor any of its Affiliates has any claim against the Company or the Subsidiary directly, or by way of indemnity or contribution, whether directly, by counter-claim, set-off, action in recoupment, joinder or otherwise, for any action, event or condition relating to, arising from or in connection with the conduct of the Business or otherwise prior to and assuming Completion, and as of Completion, neither the Seller nor any of its Affiliates will have any such claim except to the extent included in Working Capital and set forth in the Completion Accounts.

5.2 The Accounts Receivable included in Working Capital arose in bona fide transactions, conducted in the ordinary course of the Business with customers of the Business, and to the Knowledge of the Seller, are not subject to any claims, set off or reduction, and do not reflect any acceleration of purchases by such customers outside of normal trading activity; the Seller has no Knowledge of any reason why such Accounts Receivable are not collectable (net of the respective reserves set forth in the Financial Statements) in the ordinary course of the Business.

5.3 Except as set forth in Schedule 5.3, the Inventory, net of reserves, included in Working Capital is of ordinary quality consistent with specifications, is not obsolete, is of a quantity that Seller believes as of the date hereof is usable or salable in the ordinary course of the Business and is not excessive given the present circumstances of the Business and is not defective. Except as set forth in Schedule 5.3, the finished goods included in such Inventory are in conformance with warranties of the Business.

6. Sufficiency and Ownership of Assets

6.1 The Company and the Subsidiary own, or have a valid leasehold interest in, or valid license for, all assets, including any Intellectual Property, and all archived data, study results and corporate memory necessary for the conduct of their business as currently conducted. Schedule 6.1 contains a list of all study results included as part of the archived data. All tangible assets of the Company and the Subsidiary are in a good state of maintenance and repair and adequate for use in the business of the Company and the Subsidiary to the extent of their current operations. Neither the Company nor the Subsidiary owns any real property. The Company and the Subsidiary enjoy peaceful and undisturbed possession under all leases under which they are operating, and all such leases are valid and subsisting in full force and effect without any material default of the Company or the Subsidiary thereunder and, to the Seller' s Knowledge, without any default thereunder of any other party thereto. No event has occurred and is continuing, to the Seller' s Knowledge, which, with due notice or lapse of time or both, would constitute a default or event of default by the Company or the Subsidiary under any such lease or agreement or by any other party thereto. The possession of such property by the Company or the Subsidiary has not been disturbed and no claim has been asserted against the Company, the Seller or the Subsidiary that is adverse to its rights in such Intellectual Property or leasehold interests.

6.2 As of Completion, the Company and the Subsidiary will have good and unrestricted title to the assets free and clear of all Liens reflected on the balance sheet as of the Balance Sheet Date, or acquired by the Company or the Subsidiary since the Balance Sheet Date other than assets disposed of in the ordinary course of business since the Balance Sheet Date.

7. Personal Property

The Company and the Subsidiary have good and unrestricted title to all of the items of tangible personal property listed in the attachment to the Hive-Out Agreement (except as sold or disposed of subsequent to the date thereof in the ordinary course of business and not in violation of this Agreement), free and clear of any and all Liens. All such items of tangible personal property which, individually or in the aggregate, are used in the operation of the Business are in good condition and in a state of ordinary maintenance and repair (ordinary wear and tear excepted) and are suitable for the purposes used.

8. Restriction on Business Activities

There is no non-compete or other agreement which has or reasonably could be expected to have the effect of prohibiting or materially impairing the Business of the Company or the Subsidiary as conducted on Completion.

9. Insurance

9.1 Schedule 9.1 Part A contains a list of policies of insurance covering the Business. Purchaser accepts and acknowledges that upon Completion the policies listed in Schedule 9.1 Part A will lapse.

9.2 The Policies are in full force and effect and all premiums due under insurance contracts entered into by the Company or the Subsidiary have been paid or accrued for. With respect to any Policy that is an "occurrence" basis policy, the Company or the Subsidiary, as the case may be, shall be entitled to the full benefits and responsible for all deductibles or retention, if applicable, of such insurance following Completion with respect to occurrences prior to Completion, as far as not covered by insurance of the Purchaser. The Company and the Subsidiary maintain all Policies in amounts and types required by law. Neither the Company nor the Subsidiary is in default with respect to any provision contained in any Policy, nor has the Company or the Subsidiary failed to give any notice or present any claim hereunder in accordance with the term of the Policies, and no cancellation, non-renewal, reduction of coverage or arrearage in premiums has occurred or, to the Seller' s Knowledge, been threatened or notice thereof given with respect to any Policy, nor does the Seller have any Knowledge of any grounds therefore.

9.3 Other than the insurances listed in Schedule 9.1 Part A the Company and the Subsidiary do not legally require additional insurance to continue to conduct the Business to the extent and manner conducted on Completion.

10. No Material Adverse Change

Since December 31, 2009, there has not been any Material Adverse Effect.

11. Employees and Pensions

11.1 Schedule 11.1 contains a complete and correct list of managing directors (*Geschäftsführer*) of the Business ("**Key Employees**") and employees of the Company and the Subsidiary ("**Employees**"), including position, date of birth, years of service, date of commencement of employment, gross base salary and annual gross target remuneration (regarding the latter, other than the US employees) (including all variable payments and other non-statutory benefits).

11.2 Neither the Company nor the Subsidiary employs any additional Employees or Key Employees; in particular, individuals working for the Company or the Subsidiary as freelancers, consultants or similarly will be considered regular employees by the German authorities.

11.3 Schedule 11.3 includes a list of all employment contracts that significantly deviate from the standard employment contract of the Business. There are no dormant service or employment relationships at the Company and the Subsidiary. Employees on maternity leave are not considered dormant employment relationship.

11.4 There are no special service contracts for Key Employees currently in force at the Company and the Subsidiary.

11.5 The overall obligation resulting from loans to Employees or Key Employees of the Company and the Subsidiary does not exceed EUR 50,000.

11.6 Schedule 11.6(a) contains a correct and complete list of all employee incentive plans applicable to Employees and Key Employees. Schedule 11.6(b) contains a correct and complete list of Employees and Key Employees entitled under such plans including the respective figures (target amounts, etc.). There are no other commitments for the Company deriving from stock option schemes or other incentive plans granted by the parent company, except those stated in Schedule 11.6(a).

11.7 There are no claims for remuneration or other claims (including compensation for accrued but outstanding vacation or overtime compensation) of current or former Employees or Key Employees against the Company and the Subsidiary which exceed the overall amount of EUR 50,000. Except as set forth on Schedule 11.7, no current or former Employee or Key Employee is entitled to compensation resulting from a (current or prospective) post-contractual non-compete obligation.

11.8 Other than statutory pension rights (*gesetzliche Rentenversicherung*) and as set out in Schedule 11.8, no pension or retirement schemes or similar commitments or arrangements with current or former Key Employees or Employees exist or have been made or promised by the Company or the Subsidiary. All contributions due under such scheme with respect to any of the Employees or former employees of the Company or the Subsidiary as well as their current or former Key Employees to and including the Completion Date have been fully and timely paid or sufficient reserves have been provided for in the Financial Statements. It is understood that any rights and assets relating to the pension fund for the Seller (Un*terstützungskasse*) shall not be transferred to the Purchaser and are thus excluded from this Warranty.

11.9 Schedule 11.9 contains a complete and correct list of all Company practice and custom (*betriebliche Übung*), collective bargaining agreements (*Tarifverträge*), work agreements (*Betriebsvereinbarungen*) and other collective agreements applicable to the Company and the Subsidiary, including, but not limited to, conciliation of interests agreements (*Interessenausgleiche*) and social plans (*Sozialpläne*). The works agreement dated October 16, 2009 regarding the restructuring of the business in Höchberg expired 31 March 2010 and is not applicable to the Employees and the Employees are − also with regard to future operational changes − not entitled to severance payments or other benefits in the event of a termination of the employment relationship by the employer under such works agreement.

11.10 Schedule 11.10 contains a complete and correct list of all works councils (*Betriebsräte*) and joint works councils (*Gesamtbetriebsräte*), including its members and substitutes (*Ersatzmitglieder*).

11.11 The Business has in 2008 and 2009 and through the date of this Agreement not experienced, and to the Seller' s Knowledge, there is no threatened strike, work stoppage or other collective labor or works council controversy or dispute of any material nature.

11.12 Except as listed in Schedule 11.12, neither the Company nor the Subsidiary have made use of labor lease (Arbeitnehmerüberlassung) within the last four years. None of the leased employees was or is entitled to claim for direct employment, due to missing permission of the supplier or other legal implications. There are no open claims of the supplier against the Company for leasing fees due to low salary payments by the supplier (breach of the equal pay principles).

11.13 To Seller' s Knowledge, the Company and the Subsidiary are in material compliance with all laws and regulations dealing with, but not limited to, wages, hours, vacation, and working conditions for their Employees and Key Employees. All compensation and withholding obligations of the Company or the Subsidiary to or in respect of its current and former Employees and Key Employees have been fulfilled when due or have been properly provided for in the Financial Statements. In particular, all taxes and social security contributions due for current or former Employees or Key Employees of the Company and the Subsidiary have been correctly withheld and paid to the competent authorities.

11.14 All participation rights of employees representations with regard to this transaction have been regarded, in particular, the economic committee and/or the works councils of the Company and the Subsidiary have been properly informed according to Sec. 106/109a Works Constitution Act (*Betriebsverfassungsgesetz – BetrVG*).

11.15 There is no term of employment for any Employee or Key Employee of the Company or the Subsidiary which provides that a change of control in the Company or the Subsidiary shall entitle the Employee or Key Employee to treat the change of control as amounting to a breach of contract or entitling him to any benefit or modification of the terms of employment or payment whatsoever, or entitling him to treat himself as redundant or otherwise dismissed or released from any obligation.

11.16 Except as disclosed in Schedule 11.16, none of the Employees or Key Employees (i) has terminated or to Seller' s Knowledge has any present intention to terminate its employment, or (ii) to Seller' s Knowledge is a party to any confidentiality, non-competition, proprietary rights or other such agreement between such Employee or Key Employee and any other person besides Company or the Subsidiary that would be material to the performance of such Employee' s or Key Employee' s employment duties, or the ability of the Purchaser to conduct the Business. No dispute or litigation is outstanding between the Company or the Subsidiary and any of their current or former Employees or Key Employees.

11.17 Other than set out in Schedule 11.17, the Company has not offered or agreed any future variations in the terms and conditions of the employment of the Key Employees and Employees of the Company other than in the ordinary course of business.

12. Material Contracts

12.1 Schedule 12.1 contains a complete and accurate list of all Material Contracts.

12.2 To Seller' s Knowledge, the Material Contracts have been validly executed and are fully effective and enforceable in accordance with their terms.

12.3 The Seller has delivered to the Purchaser or its representatives true, complete and correct copies of all written Material Contracts, together with all amendments thereto, and accurate descriptions of all material terms of oral Material Contracts.

12.4 Neither the Company nor the Subsidiary is in material breach of any Material Contract and no act or omission by the Company or the Subsidiary has occurred which, with notice or lapse of time or both, would constitute any such material breach under any term or provision of any such Material Contract, and the Company and the Subsidiary have performed, in all material respects, its obligations under each Material Contract to which it is a party.

12.5 No party to a Material Contract has notified the Company or the Subsidiary of its intention to terminate a Material Contract.

12.6 Except as set forth on Schedule 12.6, no consents or approvals are required, as a consequence of the Hive Out or as a consequence of the consummation of the transactions contemplated by this Agreement.

12.7 Neither the Company nor the Subsidiary have violated, in any material respect, any protocol for any study in connection with which the Company or the Subsidiary provides services under any Material Contract.

12.8 To Seller' s Knowledge, no other party to a Material Contract with the Company or the Subsidiary is in material breach of any such Material Contract, and no act or omission has occurred by any party which, with notice or lapse of time or both, would constitute any such material breach under any term or provision thereof.

12.9 "**Material Contracts**" for purposes of the Agreement means the following kind of agreements to which the Company or the Subsidiary is a party or which relates to the business, assets, operations or prospects of the Company or the Subsidiary, including without limitation, any of the following:

12.9.1 agreements relating to the acquisition or sale of interests in other companies or businesses providing, in each case, for a consideration of USD 50,000.00 or more, including, without limitation, any contracts relating to the acquisition, sale, lease or disposal of any assets (other than in the ordinary course of business) entered into by the Company or the Subsidiary;

12.9.2 joint venture, partnership and similar contract involving a sharing of profits or expenses (including, without limitation, joint research and development and joint marketing contracts);

12.9.3 rental and lease agreements, permits, franchises, Policies and governmental approvals relating to real estate which, individually, provide for annual payments of USD 50,000.00 or more and which cannot be terminated by the Company or the Subsidiary on twelve (12) months or less notice without penalty;

12.9.4 loan agreements, indentures, letters of credit, mortgages, security agreements, pledge agreements, bonds, notes, or any other instruments of debt involving any third party and, individually, an amount of USD 100,000.00 or more;

12.9.5 guarantees, indemnities, and suretyships issued for any debt of any third party other than the Company or the Subsidiary for an amount of USD 100,000.00 or more;

12.9.6 all contracts providing in whole or in part for the use of, or limiting the use of, any Intellectual Property rights;

12.9.7 agreements which contain a material undertaking of the Company or the Subsidiary not to compete with third parties in any material region;

12.9.8 any continuing payment obligations (*Zahlungsverpflichtungen aus Dauerschuldverhältnissen*) other than described above which cannot be terminated by the Company on twelve (12) months or less notice and which provide for annual payment obligations of the Company or the Subsidiary in excess of USD 1,000,000.00; and

12.9.9 all contracts with customers providing for the sale of goods or the provision of services which provide for annual payment obligations of such customer in excess of USD 50,000.00.

13. Customers and Suppliers

13.1 Schedule 13.1 contains a list of the five (5) largest customers of, and the three (3) largest suppliers providing goods and services to the Company or the Business for the twelve (12) month period ended March 31, 2010, together with 2009 revenues of the five largest customers. The relationship between the customers and the suppliers set forth on Schedule 13.1 and the Company or Business are on good terms, and, to the Seller' s Knowledge, no customer or supplier set forth on Schedule 13.1 plans to materially reduce its business or discontinue doing business with the Company or Business. There have been no unresolved billing disputes between the Company or the Business and any such customer or supplier set forth on Schedule 13.1 involving an amount greater than USD 25,000 during the twenty-four (24) months prior to the Completion Date.

13.2 Schedule 13.2 contains a list of the backlog of the Business as of 23 April 2010 in all material respects. This schedule lists the study identification number along with anticipated aggregate cash payments to still be received from each customer after 23 April 2010. For the sake of clarity, no oral contracts, other oral arrangements or any agreements the customer has terminated by written notice are included in Schedule 13.2.

14. Licenses and Permits

14.1 On Completion, the Seller and the Subsidiary hold all material permits (including for medical devices), concessions, certificates, authorizations, licenses, consent and approvals of governmental entities, which are required under applicable laws in order to conduct the Business as presently conducted ("**Permits**") and such Permits are in full force and effect. The Seller conducted the Business in material compliance with all such permits, concessions, licenses and in compliance with applicable laws since 1 January, 2007.

14.2 To Seller' s Knowledge, there are no threats of any revocation or restriction or subsequent orders relating to any such Permits.

15. Intellectual Property and Know-How

15.1 Schedule 15.1 contains a list of patents, patent applications, registered trademarks and registered copyrights, domain names, and other registered intellectual property rights owned by or licensed to the Company or the Subsidiary other than third party "off-the-shelf" software (the "**Intellectual Property**") or belonging to the Business and owned by Affiliates of the Company as respectively set forth therein. Schedule 15.1 identifies, in each case, the record and beneficial owner thereof and, in the case of any of the foregoing that are owned by a third party and licensed to the Company or the Subsidiary, indicates whether such license is exclusive or non-exclusive.

15.2 "**Know-How**" shall mean all information not present in the public domain relating to the Business and owned by the Seller as of the date hereof or by the Company or the Subsidiary as of Completion, including trade secrets and information or processes relating to procurement, research and development, information technology, quality management, marketing, logistics, sales and distribution and customer relationship.

15.3 To the Seller' s Knowledge, the Intellectual Property and the Know-How are not subject to any pending proceedings for opposition, cancellation, revocation or rectification which may negatively affect the operation of the Business of the Company or the Subsidiary and to Seller' s Knowledge no third party is infringing, misappropriating or otherwise violating any of the Intellectual Property rights or rights in the Know-How of the Company or the Subsidiary.

15.4 The Seller has taken all commercially reasonable steps to protect the rights of the Company and the Subsidiary in the Intellectual Property and maintain the confidentiality of all information relating to any Know-How. To the Seller' s Knowledge, (i) no employee, officer, director, consultant or advisor of the Company, the Subsidiary is in violation of any term of any employment contract or any other contract or agreement, or any restrictive covenant, relating to the right to use know-how or proprietary information of others. All employees, consultants and/or advisors of Company, its Subsidiary, or its predecessor in interest ("**Developers**"), are contractually obligated to disclose and upon request by Company or Subsidiary to assign all rights in work performed on behalf of the Company to the Company, the Subsidiary, or its predecessor in interest, in as far as legally possible with no retention or reversion of any rights in favour of the employee, consultant or advisor. All necessary signatures have been obtained from all Developers to perfect the filing of all applications and registrations for and assignment to the Company or the Subsidiary, respectively, of such rights in Intellectual Property and Know-How. All compensations for employee inventions, in particular as provided for by the German Law on Employee Inventions (Gesetz über Arbeitnehmererfindungen, ArbnErfG) have been paid when due.

15.5 To the Seller' s Knowledge, all fees that were due and payable prior to the Completion to maintain the Intellectual Property have been paid, all necessary renewal applications have been filed and all other commercially reasonable steps necessary for their maintenance have been taken and the Company and the Subsidiary have protected as trade secrets any Know-How relating to their respective business against access by third parties.

15.6 Schedule 15.6 contains a complete and correct list of all Intellectual Property and Know-How the Company and the Subsidiary have licensed to a third party, specifying the essential terms of the granting of these licenses. No termination rights of the licensee exist as a consequence of the conclusion or execution of this Agreement.

15.7 Schedule 15.7(a) contains a complete and accurate list (by name) of all products and software of the Company and the Subsidiary that are currently sold, licensed or distributed as applicable or for which the Company or the Subsidiary have any support or maintenance obligations ("**Products**"), and all products or service offerings of the Company and the Subsidiary that are currently actively under development. All other products and software that are planned for development are set forth on Schedule 15.7(b).

15.8 To the Seller' s Knowledge, the Company and the Subsidiary and the operation of the Business do not materially infringe any intellectual property rights or know-how of third parties, do not infringe any intellectual property rights or know-how of the Seller. To the Seller' s Knowledge, performance, manufacture, use and/or sale of the Products do not infringe any intellectual property rights or know-how of third parties. There is no suit, claim, action, investigation or proceeding threatened, made, pending, conducted or brought by a person alleging any such infringement, misappropriation or violation, by the Company, Seller or Subsidiary.

15.9 To Seller' s Knowledge, except as provided on Schedule 15.9 (i) neither the Intellectual Property nor the Products incorporate, or are combined with, any Open Source Materials that require, as a condition of use, modification and/or distribution of such Open Source Materials that other software incorporated into, derived from, or distributed with such Open Source Materials be (A) disclosed or distributed in source code form under the terms of any license agreement, (B) licensed for the purpose of making derivative works, or (C) redistributable at no charge; and (ii) neither the Intellectual Property nor the Products are used, distributed, licensed, or otherwise transferred with the Open Source Materials (or any derivatives) in a manner that violates the applicable open source license for such Open Source Materials. "Open Source Materials" (i) means any software that (x) contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., without limitation, Linux) or (y) requires as a condition of its use, modification or distribution that it, or other software incorporated, distributed with, or derived from it, be disclosed or distributed in source code form or made available at no charge and (ii) includes without limitation software licensed under the GNU' s General Public License (GPL) or Lesser/Library GPL, the Mozilla Public License, the Netscape Public License, the Sun Community Source License, the Sun Industry Standards License, a Microsoft Shared Source License, the Common Public License, the Apache License, and any license listed at www.opensource.org.

15.10 Except pursuant to the contracts listed in Schedule 15.10, neither the Company, the Subsidiary nor any predecessor in interest or any other party acting on behalf of any of them has disclosed or delivered to any third party, or permitted the disclosure or delivery to any escrow agent or other party of, any Source Code of the Company or its Subsidiary. To Seller' s Knowledge, no event has occurred, that (with or without notice or lapse of time, or both) shall, require the disclosure or delivery of any Source Code by the Company or the Subsidiary or any other party acting on behalf of either of them to any third party. Neither the execution of this Agreement nor the consummation of any of the transactions contemplated by this Agreement, in and of itself, would reasonably be expected to result in the release of any Source Code from escrow. To Seller' s Knowledge, there exists no breach of or default under any source code escrow provision in any customer contract or under any agreement with an escrow agent or any beneficiaries thereunder. "**Source Code**" means, collectively, any human readable software source code, or any material portion or aspect of the software source code, or any material proprietary information or algorithm contained, embedded or implemented in, in any manner, any software source code, in each case for any Product.

16. Insolvency and Litigation

16.1 No insolvency proceedings have been initiated or applied for against the Seller, the Subsidiary or the Company, nor have any legal proceedings or other enforcement measures been initiated or applied for with respect to any property or other assets of the Seller, the Subsidiary or the Company. Neither the Seller, the Subsidiary nor the Company is over-indebted (überschuldet) or illiquid (zahlungsunfähig), nor is illiquidity impending. Neither the Seller, the Subsidiary nor the Company has ceased or suspended payments (Zahlungen eingestellt).

16.2 There are no pending (rechtshängige) and, to Seller' s Knowledge, threatened (by or against the Company or the Subsidiary) cases of litigation (including litigation before labor courts), either before a court or an arbitral tribunal (gerichtliche Rechtsstreitigkeiten oder Schiedsverfahren), and administrative proceedings in which the Company or the Subsidiary is involved, either as plaintiff, defendant or otherwise and to Seller' s Knowledge, except as set forth on Schedule 5.3, there are no facts or circumstances that could reasonably be likely to result in such a case or proceeding. In the last five years prior to the date hereof, the Business has not been involved in a dispute on account of a product liability claim.

16.3 To the Seller's Knowledge, except as set forth on Schedule 5.3, neither the Company nor the Subsidiary has designed, manufactured, distributed or put in circulation any product or has provided any services which have resulted or might result in any kind of obligation or liability arising from product liability, infringement of warranties, or any other cause in law, and no such liabilities or obligations have been alleged.

17. Antitrust

17.1 The Company, the Business and the Subsidiary and, to Seller's Knowledge, their respective officers and employees have during the past five years complied with applicable Antitrust Laws in all jurisdictions in which they operate or have operated during such period or in which any operations might have taken economic effects.

17.2 "Antitrust Laws" shall mean all applicable laws and regulations regarding the prohibition of agreements or practices restricting competition, the abuse of a dominant market position and the control of concentrations pursuant to the German Act against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen); Articles 81 through 89 of the EC-Treaty and any regulations based thereon; Regulation (EC) no. 139/2004 (the EC-Merger Regulation) and Regulation (EC) no. 4064/89 (the former EC-Merger Regulation).

18. Compliance with Laws

18.1 The operations of the Company and the Subsidiary have been, are, and will through Completion be conducted in material compliance with applicable laws, regulations, ordinances, rules and other binding requirements of any governmental entity (including, without limitation, the United States Food and Drug Administration ("**FDA**").

18.2 Neither the Company, the Subsidiary, nor, to Seller's Knowledge, any person or entity acting on behalf of the Company or the Subsidiary has, directly or indirectly, on behalf of or with respect to the Company or the Subsidiary (i) made or received any unreported political contributions, (ii) made or received any payment that was not legal to make or receive, including, without limitation, gratuities to FDA employees, (iii) created or used any "off-book" bank or cash account or "slush fund," or (iv) engaged in any conduct constituting a violation of the Foreign Corrupt Practices Act of 1977, as amended.

18.3 The Company and the Subsidiary has either adhered to all applicable FDA Guidance Documents, or used alternative approaches that materially comply with all relevant statutes and regulations. The Company and the Subsidiary are currently certified to the Medical Device Directive 93/42/EEC including 2007/47/EC amendment and ISO 13485:2007 Standard. The FDA has conducted an inspection of the Business which started on April 12, 2010 and resulted in no observations. The Seller has no Knowledge of any facts, circumstances or conditions that could or is reasonably likely to result in a finding by the FDA of a condition in violation of the US Food Drug and Cosmetic Act and its applicable regulations, or any threatened untitled letter, warning letter or enforcement action.

18.4 Except as set forth on Schedule 18.4, since 1 January 2004, neither the Company nor the Subsidiary, nor the facilities owned or used by the Company or the Subsidiary are subject to any adverse inspection, finding or deficiency, finding of non-compliance, or any other compliance or enforcement action from or by the FDA or any counterpart regulatory authority in any other applicable jurisdiction, nor have the Company or the Subsidiary or, to the Seller' s Knowledge, any facility owned or used by the Company or the Subsidiary, received any regulatory or warning letter, Form 483 warning letter, investigation notice, Section 305 notice (FDA Notice of Possible Criminal Prosecution). There are no pending, or to the Seller' s Knowledge, including but not limited to, any threatened civil, criminal or administrative actions, suits, demands, claims, hearings, investigations, demand letters, proceedings, complaints or requests for information by the FDA or by any other regulatory authority related to the Company or the Subsidiary relating to any of the products or services the Company or Subsidiary provides. To Seller' s Knowledge, there is no act, omission, event, or circumstance that would reasonably be expected to give rise to any such action, suit, demand, claim, hearing, investigation, demand letter, proceeding, complaint or request for information or any such liability.

18.5 Neither the Company nor the Subsidiary has knowingly or willfully solicited, received, paid or offered to pay any remuneration, directly or indirectly, overtly or covertly, in cash or kind for the purpose of making or receiving any referral which violated any applicable anti-kickback or similar law, including 42 USC §1320 a-7b(b) (the "**Anti-Kickback Statute**"), or any applicable state anti-kickback law. For purposes of this representation, the terms hereof shall have the meaning established by the Anti-Kickback Statute.

18.6 Neither the Company nor the Subsidiary has been debarred and neither the Company nor the Subsidiary has acquiesced to debarment for any period of time under 21 USC. §335a (and the sections cross-referenced therein) or been the subject of a debarment hearing or, to the Seller' s Knowledge, investigation.

19. IT Systems

The IT systems, including the software, hardware, networks and interfaces used by the Company or the Subsidiary (the "**Systems**") are sufficient for the business operations of the Company or the Subsidiary on Completion, as the case may be. All Systems are owned or licensed to, as the case may be, and operated by the Company or the Subsidiary and are under its sole control, except as disclosed in Schedule 19.

20. Interested Party Transactions

To Seller' s Knowledge, no director, officer or employee of the Company or the Subsidiary, nor has any director, officer or employee of the Seller had, any direct or indirect interest in (i) any entity which furnished or sold, or furnishes or sells, services or products that the Company or the Subsidiary furnishes or sells, or proposes to furnish or sell; (ii) any entity that purchases from or sells or furnishes any goods or services to the Company or the Subsidiary; or (iii) any Material Contract; provided, however, that ownership of no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation shall not be deemed an "interest in any entity" for purposes of this Section.

21. No Finder' s Fee

Neither the Company nor the Subsidiary has incurred any obligation nor is the Company liable for brokerage or finders' fees or agents' commissions or similar payments to be made in connection with the transactions contemplated by this Agreement.

22. No Competition Act Filing

The Seller represents that the Business does not hold assets in the United States (other than investment assets, voting or nonvoting securities of another person, and assets included pursuant to regulation 16 CFR §801.40(d)(2) promulgated under Hart-Scott-Rodino Antitrust Improvements Act) having an aggregate total value in excess of USD 63.4 million and has not made sales, in the most recent fiscal year, in or into the United States in excess of USD 63.4 million. Seller further represents that the sales in or into the United States attributable to the assets of the Business in the most recent fiscal year did not exceed USD 63.4 million.

23. No other Representations or Warranties

Subject to the warranties expressly contained in this Agreement, the Purchaser agrees to accept the Shares of the Company in the condition they are in on the Completion Date, based upon its own inspection, examination and determination with respect thereto (including any due diligence investigation it has conducted), without relying upon any express or implied warranties or warranties of any nature including any representations or warranties by the Seller, any of its Affiliates or any of their respective employees, advisers or other representatives. The Purchaser acknowledges that the Seller makes no representations, warranties or guarantees and assumes no disclosure or similar obligations in connection with this Agreement and the transactions contemplated hereby, except as expressly set forth in this Agreement.

24. Transaction Documents / Bill of Sales

It is understood that the Transaction Documents and the US Transfer Documents shall not be listed in any of the Schedules to this Schedule 3 and that the Seller cannot be held liable because of this fact with respect to any Warranty.

SCHEDULE 4

Tax Indemnification

1. Definitions

"Purchaser Group" shall mean the Purchaser and any affiliate of Purchaser within the meaning of Sec. 1 Foreign Tax Act (AStG).

"**Taxes**" within the meaning of this Agreement means all taxes *(Steuern)* and surcharges or other auxiliary tax obligations *(steuerliche Nebenleistungen)* all as defined in Section 3 German Tax Code *(Abgabenordnung)* or in comparable provisions of foreign jurisdictions or taxes, other public duties and auxiliary tax obligations of other jurisdictions which are comparable to such as defined in Section 3 German Tax Code, including without limitation any withholding taxes and taxes to be deducted at source by the Company or the Subsidiary, taxes for which the Company or the Subsidiary are claimed against as debtor pursuant to Section 133 German Reorganization Act or Section 191 German Tax Code, value added taxes, sales taxes, custom duties as well as any kind of social security insurance premiums as well as related fines and penalties, however excluding, for the avoidance of doubt, deferred taxes in accordance with US and German GAAP.

"**Tax Returns**" within the meaning of this Agreement means all declarations, notifications, and other documents and records to be filed or presented with or to the Tax Authorities in connection with Taxes.

"**Tax Authority**" within the meaning of this Agreement means a German or foreign federal, state or municipal authority or another organ of sovereign power in Germany or any foreign jurisdiction.

2. Tax Warranty

The Vendor hereby warrants to the Purchaser by way of an independent warranty within the meaning of Section 311 (1) German Civil Code that the following statement (the "**Tax Warranty**") is complete and accurate in all respects on the Completion Date. This Tax Warranty represents neither a warranty of quality within the meaning of Sections 443, 444 German Civil Code nor an agreement as to quality within the meaning of Section 434 (1) German Civil Code.

2.1 The Company has not filed an application according to Sec. 20 para. 2 phrase 2 of the German Reorganization Tax Act or any other form of similar application until the Completion Date.

2.2 If the Tax Warranty is incorrect, Schedule 2 Clause 1.2 applies correspondingly.

3. Tax Indemnification

3.1 Indemnification Obligation

The Vendor shall indemnify and hold harmless at the election of the Purchaser the Purchaser, the Company or the Subsidiary, from and against all Taxes and related penalties which have to be paid by the Company or the Subsidiary allocable to any period prior to and including the Completion Date, irrespective of when such Taxes and related penalties are assessed, due or payable (the "**Indemnifiable Taxes**") by paying an amount equal to such Indemnifiable Taxes at the election of the Purchaser to the Purchaser, the Company or the Subsidiary (the "**Tax Indemnification Payment**"), if and to the extent that such Indemnifiable Taxes have not been paid prior to or on the Completion Date.

3.2 Limitation of Responsibility and Liability

The Vendor shall not be responsible or liable and the Purchaser shall not have a claim for a Tax Indemnification Payment under Schedule 4 if and to the extent that any of the following events occurs or any of the following conditions is fulfilled:

a. To the extent the claim for a Tax Indemnification Payment is reduced by a Tax reduction *(Steuerminderungen)* as defined in Clause 5 of Schedule 4; or

b. The relevant Indemnifiable Tax results from any measure taken by a member of the Purchaser Group after the Completion Date with respect to a period ending prior to or on the Completion Date, provided that such measure has not been taken at the request of the Vendor or required based on mandatory law; or

c. The realisation of the claim for Tax Indemnification Payment would result in a damage being recovered from the Seller twice with respect to the same claim; or

d. To the extent that the claim for Tax Indemnification Payment is in respect of Taxes which would not have arisen but for, or have been increased directly or indirectly as a result of a disclaimer, claim or election made or notice or consent given after Completion by a member of the Purchaser Group with respect to, or which affects a period ending prior to or on the Completion Date otherwise than at the request of the Vendor; or

e. To the extent that the Purchaser or any member of the Purchaser Group has a right of recovery in respect of such Taxes but did not use reasonable endeavors to collect from a person or persons other than the Vendor; or

f. To the extent the claim would not have arisen but for, or is increased directly or indirectly as a result of the passing of or a change in a law occurring on or after the date of this Agreement with retroactive effect.

3.3 Due Date for Tax Indemnification Payment

The claims of the Purchaser for Tax Indemnification Payment shall become due and payable ten (10) Business Days following the receipt of the Tax Indemnification Notice pursuant to Clause 4 of Schedule 4 by the Purchaser but in no event ten (10) Business Days before the relevant Indemnifiable Tax becomes due and payable.

4. Indemnification Procedure

4.1 Tax Indemnification Notice

In the event that any action, claim, demand or proceeding with respect to which the Seller may be liable under this Schedule 4, Schedule 2 Clause 5 shall apply, except as set forth herein.

After Completion, the Purchaser shall give the Vendor written notice (each a "**Tax Indemnification Notice**") of any Tax assessment that might give rise to a claim for Tax Indemnification Payment without undue delay after the receipt of such Tax assessment by the Purchaser, the Company or the Subsidiary. The Tax Indemnification Notice shall

a. state the object of the Tax assessment in reasonable detail; and

b. state the amount of the Indemnifiable Tax; and

c. state the Tax reductions (as defined in Clause 5of Schedule 4) which reduce the Tax Indemnification Payment; and

d. include copies of any notice or other document received from any Tax authority in respect of any such Tax liability.

4.2 Assistance

To the extent requested by the Vendor and required to evaluate the potential Indemnifiable Tax and the Tax reductions, the Purchaser shall provide the Vendor with all relevant information, documents and assistance.

4.3 Cooperation and Information

The Vendor' s prior agreement and consent is required with regard to the filing or amendment of a Tax Return filed for the Company or the Subsidiary which relates to an assessment period prior to and including the Accounts Date provided that such agreement and consent shall not be unreasonably withheld and be deemed given if the Vendor does not provide the Purchaser, the Company or the Subsidiary with a specific proposal for changes within 15 Business Days after the Vendor has received the Tax Return notification from the Purchaser, the Company or the Subsidiary.

The Purchaser shall inform the Vendor without undue delay about any proceeding of any Tax Authority (e.g. announcement of Tax audits, Tax audit findings) which may give rise to a claim of Purchaser under Schedule 4. Purchaser shall provide to Vendor all relevant documents and other information which might reasonably be necessary to evaluate the existence of any such claim.

4.4 Defense

a. The Vendor shall at its own costs be entitled to direct any measures and actions by the Purchaser, the Company and the Subsidiary to defend against any proceedings of any Tax Authority which may result in a claim of the Purchaser under this Schedule 4. The Purchaser shall in particular

b. take such measures and actions as the Vendor may reasonably request to defend against any Indemnifiable Taxes which may result in a liability for Tax Indemnification Payment; and

c. keep the Vendor informed of the status of the defense at any time without undue delay; and

d. not acknowledge or settle any claims for Taxes without prior written consent of the Vendor (such consent not to be unreasonably withheld or delayed).

5. Tax Reductions

5.1 If a member of Purchaser Group. is entitled to any benefit by refund, set-off or reduction of Taxes after the Completion Date arising from facts which give rise to Indemnifiable Taxes ("**Tax Reduction Amount**"), the cash value of such Tax Reduction Amount shall reduce the Tax Indemnification Payment.

5.2 Tax reductions shall include, without limitation, all benefits arising out of or in connection with

a. the first-time recognition as an asset or a step-up in value in the tax accounts, the extension of depreciation or amortization periods relating to an assessment period prior to and including the Completion Date, to the extent this leads to a step up in value as of the Accounts Date and will reverse in periods after the Completion Date according to scheduled depreciations or amortizations *(planmäßige Abschreibungen)* or a reduced capital gain, and/or

b. the non-recognition for Tax purposes of expenses in connection with the establishment of liabilities, provisions, accruals and deferrals, reserves or other kinds of expenses relating to an assessment period prior to and including the Completion Date to the extent this leads to the recognition of expenses for Tax purposes after the Completion Date, and/or

c. timing adjustments with regard to Value Added Tax (meaning taxes as set forth in Sec. 3 of the German Value Added Tax Statute (*UStG*) or similar foreign taxes) (e.g. shifting of Input Value Added Tax from an assessment period prior to and including the Completion Date to a period after the Completion Date).

5.3 The Purchaser, or at the election of the Purchaser the Company or the Subsidiary undertake to notify the Vendor of any Tax Reduction Amount pursuant to Clause 5.2 of Schedule 4 without undue delay and in any case in the Tax Indemnification Notice pursuant to Clause 4.1 of Schedule 4

5.4 The cash value of the Tax reductions shall be calculated by applying the following principles:

a. it is assumed that the total income tax burden of the Company and/or the Subsidiary will be 30%;

b. all Tax reductions will be determined abstractly (i.e., without taking into account the concrete tax situation of the Company and/or the Subsidiary);

c. it is assumed that the Tax reductions arise equally distributed over (i) 15 years in case of a goodwill, (ii) 8 years in case of other depreciable or amortizable fixed assets or in the case of pension provisions, (iii) 3 years in case of other liabilities or provisions, and (iv) 1 year in all other cases;

d. Tax reductions arising in periods ending before the notification pursuant to Clause4.1 of Schedule 4 shall not be discounted;

e. Tax reductions arising in periods ending after the notification pursuant to Clause 4.1 of Schedule 4 shall be discounted to the due date as defined in Clause 3.3 of Schedule 4 by applying an interest rate of 6% p.a.

6. Tax Straddle Period

Taxes for Tax periods beginning 1 January 2010 and ending after the Completion Date ("**Straddle Period**") shall be allocated to the Parties as follows:

a. The respective Straddle Period shall be divided into a time period ending on the Completion Date ("**Pre-Completion Date Straddle Period**") and a time period beginning after the Completion Date ("**Post-Completion Date Straddle Period**").

b. The Completion Date shall be regarded for all Taxes as the last day of the respective time period for such Tax Indemnification Payments or Tax refund claims.

c. The indemnification obligation pursuant to Schedule 4, Clause 3 shall be limited to the Taxes for which the Company or the Subsidiary would be liable on a standalone basis for the Pre-Completion Date Straddle Period.

d. Taxes attributable to the Pre-Completion Date Straddle Period shall be the Taxes to which the Company or the Subsidiary would be liable if the Pre-Completion Date Straddle Period were a separate Tax assessment period *("als-ob Veranlagung")*. To the extent that any Taxes cannot be allocated either to the Pre-Completion Date Straddle Period or the Post-Completion Date Straddle Period, these Taxes shall be allocated on a pro rata temporis basis.

7. Tax Refunds

If a member of the Purchaser Group, the Company or the Subsidiary receives a Tax refund (which means any tax refunds any Tax credit, including increase of tax credits, set-off of taxes and the reduction or release without corresponding Tax payment of any Tax liability or provision reported in the Accounts) attributable to the Company or the Subsidiary with respect to any period ending prior to or on the Completion Date, an amount equal to such Tax refund shall be paid by the Purchaser, the Company, or the Subsidiary, respectively, to the Vendor if and to the extent that

7.1 the Tax refund does not result in additional or increased Taxes or other Tax disadvantages;

7.2 the Tax refund results from any measure taken by the Purchaser after the Completion Date, other than the loss carryback to a period ending prior to or on the Completion Date of a Tax attribute that arises after the Completion Date.

Payments pursuant to this Clause 7 of Schedule 4 shall become due within ten (10) Business Days after (the earlier of) (i) the Tax refund or credit has been received by a member of the Purchaser Group, Company or the Subsidiary by payment, set-off, reduction or release of a Tax liability or provision or otherwise, or (ii) the Tax refund has been assessed by the competent Tax authority and become final, binding and non-amendable. The Purchaser shall give the Vendor written notice of any Tax refund that might give rise to a claim pursuant to this Clause without undue delay after (the earlier of) the receipt or the assessment of such Tax refund.

8. Limitations on Tax Indemnification Payment

Except as otherwise provided in this Schedule 4, the provisions under Schedule 2 Clause 2 shall not apply in the context of this Schedule 4.

9. Limitation Period

No claim may be made against the Vendor pursuant to this Schedule 4 upon expiry of a limitation period of (i) six months after the final or non-appealable assessment of the relevant tax according to the German General Tax Code or (ii) the expiry of six months after the Completion Date. If the Purchaser makes claims against the Vendor in writing under this Schedule 4, the limitation of such claims shall be suspended. This suspension will end after three months after such Purchaser' s writing.

10. Fair Market Value

Vendor and Purchaser agree that that for purposes of determining the fair market value for tax purposes of the assets, liabilities, and accruals of the Company caused by the hive out down of the Business from the Seller to the Company as per the hive out date shall be determined on the basis of the Consideration payable under the Agreement, including any adjustments that may be made according to the Agreement after the Completion Date and taking into account those adjustments to be made as are required by law or pursuant to this Agreement and each Party agrees to file all Tax Returns, and financial reports on that basis, and will not file Tax Returns or other financial reports in a manner inconsistent with such position. If one of the Parties infringes this Clause 10, Schedule 2 Clause 1.2 applies accordingly.

11. Certain Claims under the Hive Out Agreement

The parties agree that a claim made by the Company pursuant to Part I, Section 11, Clause (1) of the Hive Out Agreement is a claim with respect to Taxes with respect to a period that closes on or prior to Completion that is covered by this Schedule 4, provided however, that the parties agree that Clause 3.2 (other than 3.2(c)) of this Schedule 4 shall not apply to such claim.

SCHEDULE 5

Conditions

Mutual Conditions:

1. Registration of the Hive Out with the Commercial Register of the Seller pursuant to Sec. 130 and 131 UmwG. It being understood that the Seller shall use commercially reasonable efforts to cause the Hive Out to be registered. It being understood that the Seller shall be entitled to withdraw its application for the Hive Out to be registered in the Commercial Register if the Seller or the Purchaser has terminated this Agreement pursuant to Clause 3.1 of this Agreement.

Seller Conditions:

2. No proceeding challenging this Agreement or the transactions contemplated hereby, or seeking to prohibit, alter, prevent or materially delay Completion, shall have been instituted by any person or entity other than a party hereto or an Affiliate thereof before any court or governmental authority and shall be pending that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement.

3. Purchaser has complied in all material respects with its covenants in the Agreement.

4. eResearchTechnologies, Inc. will have executed a Guaranty in the form attached as Schedule 9.

5. The Purchaser will have executed a Transitional Trademark Sublicense Agreement.

6. The Purchaser will have offered employment to employees of the Business in Ireland and the United Kingdom on terms substantially similar or more favorable to such employees as exist on the date hereof and entered into agreements with those employees who accept such offer.

Purchaser Conditions:

7. No proceeding challenging this Agreement or the transactions contemplated hereby, or seeking to prohibit, alter, prevent or materially delay Completion, shall have been instituted by any person or entity other than a party hereto or an Affiliate thereof before any court or governmental authority and shall be pending that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement or could reasonably be expected to result in a Material Adverse Effect.

8. Since December 31, 2009, there shall not have been a Material Adverse Effect.

9. Seller has complied in all material respects with its covenants in the Agreement.

10. CareFusion Corporation will have executed a Guaranty in the form attached as Schedule 9.

11. CareFusion Corporation will have executed the Confidentiality, Non-Competition and Non-Solicitation Agreement in the form attached as Schedule 5.11.

12. Seller will deliver consolidated audited financial statements for the Business (as carve-out financial statements) and the Subsidiary as of December 31, 2008 and 2009 and for the respective periods then ended, accompanied by an unqualified audit report of Ernst & Young (the "**Audited Financial Statements**"), and the Audited Financial Statements shall not materially differ from the Unaudited Financial Statements.

Schedule 5.11

NONDISCLOSURE, NONCOMPETITION AND NONSOLICITATION AGREEMENT

This Nondisclosure, Noncompetition and Nonsolicitation Agreement (this "**Agreement**") is made and entered into as of May 28, 2010 by and between CareFusion Corporation ("**CareFusion**"), a Delaware corporation, and eResearch Technology, Inc. ("**eRT**"), a Delaware corporation. CareFusion and eRT are each a "**Party**" and, collectively, the "**Parties**" to this Agreement.

WHEREAS, CareFusion Germany 234 GmbH, a limited liability company organized under the laws of the Federal Republic of Germany and an affiliate of CareFusion ("**Vendor**") and Blitz F10-acht-drei-fünf GmbH & Co. KG, a limited partnership organized under the laws of the Federal Republic of Germany and a wholly-owned subsidiary of eRT ("**Purchaser**"), are parties to that certain Agreement dated April _____, 2010 (the "**Purchase Agreement**"), pursuant to which Purchaser has agreed to purchase from Vendor all shares in Research Services Germany 234 GmbH, a limited liability company organized under the laws of the Federal Republic of Germany (the "**Company**"); and

WHEREAS, as a condition to Completion, Purchaser has required that CareFusion enter into this Agreement, and this Agreement is contemplated by Schedule 5, Clause 11 of the Purchase Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. **Capitalized Terms.** Capitalized terms used but not defined herein shall have the meanings for such terms that are set forth in the Purchase Agreement, except that for purposes of this Agreement, the Company and the Subsidiary shall not be considered Affiliates of Vendor. "**Confidential Information**" means information (however stored) relating to the research services business of the Vendor to be hived-out into the Company which consists of the provision of customized hardware, software and services to support clinical trials through three areas: respiratory, cardiac safety and electronic patient reported outcomes (ePRO) including selling and marketing to pharmaceutical companies and clinical research organizations and other companies or suppliers providing similar hardware, software or services to pharmaceutical companies and clinical research organizations (the "**Business**," which, for the avoidance of doubt, includes overread services in connection with clinical trials but does not include any other overread services or the area of telehealth), and which a reasonable person would regard as confidential or which has been so treated by Vendor or the Company as of the date hereof, except for information that (i) was or becomes generally available to the public other than as a result of any action by CareFusion, its Affiliates or their respective directors, officers, partners, employees, agents, affiliates, advisors or financing sources (collectively "**Agents**") in violation of this Agreement, (ii) becomes available to CareFusion or its Affiliates on a non-confidential basis from a source other than the Company or its representatives, provided that the recipient is not aware that such source is bound by a confidentiality agreement with the Company that prohibits such disclosure, (iii) was within the possession of CareFusion or its Affiliates prior to its being furnished to CareFusion or its Affiliates by or on behalf of the Company, provided that CareFusion or its Affiliates are not aware that the source of such information was bound by a confidentiality agreement with the Company in respect thereof that prohibited such disclosure to it, or (iv) is independently developed by CareFusion or its Affiliates without violating any obligations hereunder.

Schedule 5.11

2. **Nondisclosure.** CareFusion undertakes to and covenants with eRT that, except with the consent in writing of eRT, it will not, and shall cause its Affiliates not, for a period of five (5) years after Completion, except as required by law or the rules and regulations of any stock exchange upon which securities of CareFusion or any of its Affiliates are listed or quoted, disclose or divulge to any person (other than to eRT or its Affiliates or to Agents of CareFusion or its Affiliates whose province it is to know the same) or use (other than for the benefit of eRT or its Affiliates) any Confidential Information and shall use reasonable endeavors to prevent publication, disclosure or misuse of any Confidential Information by it or any of its Affiliates, including enforcing its confidentiality agreements with third parties and confidentiality obligations that third parties owe to it. CareFusion and its Affiliates shall be entitled to disclose and use, pursuant to a confidentiality agreement (no less restrictive than this Agreement) to a potential or actual purchaser, investor or lender and its agents and representatives who require the disclosure thereof for purposes relating thereto, Confidential Information in the event CareFusion, its Affiliates or their shareholders contemplate to dispose of shares held in CareFusion, its Affiliates or all or any portion of their business or a debt or equity financing for the benefit of CareFusion or its Affiliates, if and to the extent the disclosure of such Confidential Information is reasonably necessary or appropriate.

3. **Noncompetition and Nonsolicitation.** CareFusion undertakes to and covenants with eRT that, except with the consent of eRT, it will not, and will cause its Affiliates not to, for a period of five (5) years after Completion:

a. compete with the Business or, except as provided in Section 4 below, own an equity interest in a business that is in competition with the Business, in each case as carried on by the Company on the date hereof. For purposes of this provision, competition shall mean (i) the formation or acquisition of, and participation in, enterprises, as well as (ii) the consultation and/or representation of such enterprises; or

b. directly or indirectly solicit any person who, at any time during the period of twelve (12) months preceding the Completion Date, shall have been an employee, officer or manager of, or consultant to, the Company, to terminate their employment or contract with the Company.

4. **Permitted Activities.** Nothing in this Agreement shall prevent CareFusion or its Affiliates from:

a. holding an interest as an investment amounting to not more than five percent (5%) of the share capital of any company that carries on any business that competes with the Business; provided, that any influence in the management body of such company is excluded;

b. acquiring (whether by means of a share or asset purchase) as part of a larger acquisition any interest in a business (the "**Acquired Business**") that competes or that may compete with the Business where the revenues or the assets from the portion of such acquired business that competes with the Business constituted less than the lesser of (i) twenty percent (20%) of the revenues or assets of the Acquired Business or (ii) $15 million, in each case with revenues calculated based on the twelve (12) months preceding the date of signing an agreement for such transaction or with assets calculated as of the closing of the last fiscal quarter of such Acquired Business preceding the date of signing an agreement for such transaction;

c. employing any person whose employment with the Company is terminated by such employee not less than twelve (12) months prior to the date on which CareFusion or its Affiliate makes an offer of employment to such person or whose employment with the Company is terminated by the Company; or

d. publishing notices of and advertising job listings and openings and hiring employees who respond to such publications or advertisements or who initiate contact with CareFusion or its Affiliates regarding employment opportunities.

5. **Remedies.** CareFusion agrees that, in the event of any breach or threatened breach by CareFusion of any covenant or obligation contained in this Agreement, eRT shall have the right (in addition and without prejudice to any other remedy at law or in equity that may be available, including monetary damages) to obtain temporary and permanent injunctive relief as necessary to enjoin the conduct in breach or threatened breach, without posting bond or security.

6. **Termination.** Except as otherwise provided below, this Agreement terminates on May 28, 2015. This Agreement shall terminate automatically and immediately upon any breach by Purchaser of any of its payment obligations under Clause 4 of the Purchase Agreement.

7. **Effect of Termination; Survival**. Upon termination, all rights and obligations of the Parties hereunder shall terminate and no Party shall have any liability to the other Party, except for obligations of the Parties hereto in Sections 7 through 14, which shall survive the termination of this Agreement, and provided, that nothing herein will relieve any Party from liability for any breach of covenant or obligation contained herein prior to such termination.

Schedule 5.11

8. **Notices.**

a. All notices and other communications hereunder shall be made in writing and shall be sent by hand delivery, certified mail or reputable courier to the following addresses, or to such other address as is hereafter designated by such party in a written notice to the other parties hereto:

If to CareFusion, to:

CareFusion Corporation
EVP − General Counsel and Secretary
3750 Torrey View Ct.
San Diego, CA 92130
USA

If to eRT, to:

eResearch Technology, Inc.
John Sory
Senior Vice President, Healthcare Solutions
1818 Market Street, Suite 1000
Philadelphia, PA 19103
USA

with a copy to:

eResearch Technology, Inc.
Keith Schneck
Executive Vice President & Chief Financial Officer
1818 Market Street, Suite 1000
Philadelphia, PA 19103
USA

and

Barry M. Abelson
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103
USA

b. All such notices, requests and communications sent by hand delivery, courier or certified mail will be effective upon delivery to or refusal to accept delivery by the addressee.

9. **Jurisdiction and No Jury Trial.**

a. **Jurisdiction.** Each party submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York, or if subject matter jurisdiction is not available, the courts of the State of New York sitting in the County of New York.

b. **Waiver of Jury Trial.** CAREFUSION AND ERT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF CAREFUSION OR ERT.

10. **Entire Agreement and Modification.** This Agreement supersedes all prior agreements (whether written or oral) between the Parties with respect to its subject matter (excluding the Purchase Agreement) and constitutes a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended, supplemented, waived or otherwise modified except by a written agreement executed by the Party making such amendment, supplement, waiver or modification.

11. **Assignment and No-Third-Party Rights.** No Party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of any other Party, which may not be unreasonably withheld, delayed or conditioned. Nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as will inure to a permitted assignee pursuant to this Section.

12. **Severability.** Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. Specifically and without limiting the foregoing, as to any Affiliate not domiciled in the United States, if any investigation of, or action against, such Affiliate by any governmental body is initiated or threatened as a result of the prohibitions on its activities under Sections 2 or 3 of this Agreement, the periods of such prohibitions shall be construed to be three (3) years and the provisions herein extending such periods beyond three (3) years shall be deemed void as to such Affiliate.

13. **Governing Law.** THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

14. **Counterparts.** This Agreement may be executed by the Parties in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

[Signature pages to follow.]

Schedule 5.11

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of May 28, 2010.

CareFusion Corporation, a Delaware corporation

By: _____
Name:
Title:

Schedule 5.11

eResearchTechnology, Inc., a Delaware corporation

By: _____
Name:
Title:

SCHEDULE 6

Operation of the Company Pending Completion

The Seller covenants with the Purchaser that, in the period from the date of this Agreement to Completion, they shall and will procure that the Company and the Subsidiary shall (unless the Purchaser otherwise agrees in writing) or as otherwise provided in this Agreement:

1. operate its business only in the ordinary course and consistent with past practice (taking into account the completion and registration of the Hive Out Agreement and assuming, for the purposes of this Agreement that the Business has been historically operating in the Company) and not to deviate from such ordinary course without the Purchaser' s prior consent, not to be unreasonably withheld;

2. preserve the assets of the Business in reasonable good working condition;

3. keep the necessary Policies in place;

4. use its best efforts to preserve the Business, to continue the employment or keep available the services of its present officers and employees, and to preserve the good will of customer, subcontractor, suppliers and others having a business relationship with it;

5. maintain accounting procedures consistent with past practice;

6. not increase the capital of the Company and the Subsidiary, nor issue any shares nor grant any options thereto or similar rights; and

7. not change the terms and conditions of the employment of the employees, including Key Employees.

SCHEDULE 7

Completion

1. The Seller shall deliver or procure to be delivered to the Purchaser the written resignations in the agreed form of James Vincent Wulf as managing director (Geschäftsführer) of the Company, it being understood that the Company shall grant each of them a full and unconditional waiver with respect to any claims the Company may have against each of them, except for any claims based on fraud and willful misconduct.

2. The Purchaser shall pay the Completion Payment to the Seller.

3. The Company and the Seller shall enter into a Transition Services Agreement ("**TSA**") substantially in the form attached as Schedule 7.3

4. The Company and the Seller shall enter into supply agreements ("**Supply Agreements**") substantially in the form attached as Schedule 7.4 (with each of the Seller and the Company being a supplier to the respective other party).

5. The Company and the Seller shall enter into two software license agreements substantially in the form attached as Schedule 7.5.

6. The Company and the Seller shall enter into quality assurance agreements substantially in the form attached as Schedule 7.6.

7. The Seller shall deliver to the Purchaser:

   (1) a certificate dated the Completion Date and certifying that each of the Conditions has been met with no exceptions;

   (2) a certified copy of an excerpt from the Commercial Register of the Company and the Seller showing registration of the Hive Out.

8. The Seller shall cause its Affiliates to execute and deliver the US Transfer Documents, as applicable.

9. The Seller shall cause its Affiliates to execute and deliver the trademark and copyright assignment and transfer agreement attached hereto as Schedule 11, as applicable.

10. The Company and its Affiliates and the Seller and its Affiliates shall enter into the sublease agreements substantially in the form attached as Schedule 12 subject to any changes that may be required in order to obtain the respective landlords' consent.

Set forth below is a list that briefly identifies the schedules and appendices to this exhibit and to schedules to this exhibit that we have omitted because they are not material. Upon the request of the Commission, we will supplementally furnish a copy of any such omitted schedule to the Commission.

Schedules to the SPA

Schedule 3.5 (Appendix I) − a current extract of the commercial register of Biosigna GmbH.

Schedule 7.3 consisted of Annex A (Appendix II) − update of Annex A (Separation Costs) to the Transition Services Agreement entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH and Schedule A (Appendix III) − update of Schedule A (CareFusion HR Services Term Sheet) to the Transition Service Agreement entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH.

Schedule 7.4 (Appendix IV) − Schedules 1 (Supply Agreement Prices), 2 (Supply Chain Draft) and 3 (Regulatory Approvals) to the Supply Agreement entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH in which Research Services Germany 234 GmbH is the supplier.

Schedule 7.4 (Appendix V) − Schedules 1 (Supply Agreement Prices), 2 (Supply Chain Draft) and 3 (Regulatory Approval) to the Supply Agreement entered into between CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH in which CareFusion Germany 234 GmbH is the supplier.

Schedule 8 (Appendix VI) − update of the draft deed including the Partition and Acquisition Agreement between CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH, the draft shareholder' s resolution of CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH and the waiver declarations of CareFusion Germany 506 GmbH and CareFusion Germany 234 GmbH (Hive Out Agreement). The following Appendices were additional attachments to Schedule 8:

Appendix VII was attachment 2.1.a) and 2.1.b) − list of any facility or machines allocable to the independent operating unit RS business including any corresponding manufacturing or business equipment and list of any supplies allocable to the independent operating unit RS business (such as raw materials, utilities, operating supplies, and finished and unfinished products and goods).

Appendix VIII was attachment 2.1.c) − list of intellectual property allocable to the independent operating unit RS business.

Appendix IX was attachment 2.1.d) − list of any contractual relationships and claims allocable to the independent operating unit RS business.

Appendix X was attachment 2.2 − description of office space including floor map.

Appendix XI was attachment 2.4 − list of employees of the independent operating unit RS Business to be transferred according to Section 613a. German Civil Code (*BGB*).

Appendix XII was attachment 8.9 − conciliation of interests agreement between the management of CareFusion Germany 234 GmbH and its work council (*Betriebsrat*) concerning the operational change to split the operation.

Schedule 10 consisted of Appendix XIII − (form of copyright assignment agreement between eResearchTechnology, Inc. and the affiliate of CareFusion Germany 234 GmbH that owns the US assets of the Seller' s Group relating to the acquired business, repealed by Amendment dated May 28, 2010) and Appendix XIV (form of trademark transfer agreement between CareFusion 2200, Inc. and eResearchTechnology, Inc.) as an update of the former Schedule 10.

Schedule 5.3 −description of the possible product defect relating to the V1 Adapter.

Schedule 8 − original draft deed including the Partition and Acquisition Agreement between CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH, the draft shareholder' s resolution of CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH and the waiver declarations of CareFusion Germany 506 GmbH and CareFusion Germany 234 GmbH (Hive Out Agreement).

Schedule 10 − original form of trademarks and copyright assignment agreement for US-related assets of the seller' s group that relate to the acquired business.

Schedules to Schedule 3 to the SPA

Schedule 3.5 − copies of the articles of association and for Biosigna GmbH an excerpt from the Commercial Register and reflected all facts and information that required registration for Research Services Germany 234 GmbH and Biosigna GmbH.

Schedule 5.1(a) −copies of the draft consolidated unaudited financial statements for the acquired business (as carve-out financial statements on the basis of the financial statements of CareFusion Germany 234 GmbH) as of December 31, 2008 and 2009 and for the respective periods then ended.

Schedule 6.1 − list of all study results included as part of the archived data.

Schedule 9.1 Part A − list of policies of insurance covering the acquired business.

Schedule 11.1 −list of managing directors of the acquired business and employees of Research Services Germany 234 GmbH and Biosigna GmbH, including position, date of birth, years of service, date of commencement of employment, gross base salary and annual gross target remuneration (regarding the latter, other than the US employees) (including all variable payments and other non-statutory benefits).

Schedule 11.3 − a list of all employment contracts that significantly deviate from the standard employment contract of the acquired business.

Schedule 11.6(a) −list of all employee incentive plans applicable to certain employees of the acquired business.

Schedule 11.6(b) −list of certain employees entitled under such plans including the respective figures (target amounts, etc.).

Schedule 11.7 − Employee who was entitled to compensation resulting from a (current or prospective) post-contractual non-compete obligation.

Schedule 11.8 − statutory pension rights.

Schedule 11.9 −list of all Research Services Germany 234 GmbH practice and custom, collective bargaining agreements, work agreements and other collective agreements applicable to Research Services Germany 234 GmbH and Biosigna GmbH, including, but not limited to, conciliation of interests agreements and social plans.

Schedule 11.10 − complete and correct list of all works councils and joint works councils, including its members and substitutes.

Schedule 11.12 − details of Research Services Germany 234 GmbH and Biosigna GmbH use of labor lease within the last four years.

Schedule 11.16 − list of the employees who (i) terminated or were known to have had any intention to terminate its employment, or (ii) were known to be a party to any confidentiality, non-competition, proprietary rights or other such agreement between such employee and any other person besides Research Services Germany 234 GmbH or Biosigna GmbH that would have been material to the performance of such employee' s employment duties, or the ability of Blitz F10-acht-drei-fünf GmbH & Co. KG to conduct the acquired business.

Schedule 11.17 − list of instances where Research Services Germany 234 GmbH had offered or agreed to any future variations in the terms and conditions of the employment of certain employees of Research Services Germany 234 GmbH other than in the ordinary course of business.

Schedule 12.1 −list of the following types of contracts to which Research Services Germany 234 GmbH or BIOSIGNA GmbH is a party or which relates to the business, assets, operations or prospects of Research Services Germany 234 GmbH or BIOSIGNA GmbH (subject in some instances to a dollar threshold or termination rights), (i) agreements relating to the acquisition or sale of interests in other businesses, (ii) joint venture, partnership and similar contracts, (iii) rental and lease agreements and other rights relating to real estate, (iv) loan agreements and other debt instruments, (v) guarantees, indemnities and suretyships, (vi) contracts providing or limiting intellectual property rights, (vii) non-compete agreements, (viii) any continuing payment obligations and (ix) contracts with customers providing for the sale of goods or the provision of services.

Schedule 12.6 − list of required consents or approvals as a consequence of the Hive Out or as a consequence of the consummation of the transactions contemplated by the acquisition.

Schedule 13.1 − list of the five (5) largest customers of, and the three (3) largest suppliers providing goods and services to, Research Services Germany 234 GmbH or the acquired business for the twelve (12) month period ended March 31, 2010, together with 2009 revenues of the five largest customers.

Schedule 13.2 − list of the backlog of the acquired business as of 23 April 2010 in all material respects.

Schedule 15.1 − list of patents, patent applications, registered trademarks and registered copyrights, domain names, and other registered intellectual property rights owned by or licensed to Research Services Germany 234 GmbH or Biosigna GmbH other than third party "off-the-shelf" software or belonging to the acquired business and owned by Affiliates of Research Services Germany 234 GmbH as respectively set forth therein.

Schedule 15.6 −list of all intellectual property and know-how Research Services Germany 234 GmbH or Biosigna GmbH have licensed to a third party, specifying the essential terms of the granting of these licenses.

Schedule 15.7 (a) −list (by name) of all products and software of Research Services Germany 234 GmbH and Biosigna GmbH that were being sold, licensed or distributed as applicable or for which Research Services Germany 234 GmbH or Biosigna GmbH had any support or maintenance obligations, and all products or service offerings of Research Services Germany 234 GmbH and Biosigna GmbH that were actively under development.

Schedule 15.7(b) − all other products and software that were planned for development.

Schedule 15.9 − disclosures relating to open source materials and the intellectual property and products of the acquired business.

Schedule 15.10 − blank schedule confirming absence of disclosure or delivery of any source code of Research Services Germany 234 GmbH or Biosigna GmbH.

Schedule 18.4 − disclosures regarding certain regulatory actions, investigations and notices.

Schedule 19 − disclosure regarding ownership, licensure and operation of IT systems, including the software, hardware, networks and interfaces, by Research Services Germany 234 GmbH or Biosigna GmbH.

Schedules to Schedule 5 to the SPA

Schedule 9 − form of Guaranty executed by eResearchTechnology, Inc. and CareFusion Corporation.

Schedule 5.11 − form of Confidentiality, Non-Competition and Non-Solicitation Agreement executed by CareFusion Corporation.

Schedules to Schedule 7 to the SPA

Schedule 7.3 − form of Transition Services Agreement entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH.

Schedule 7.4 −form of supply agreements entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH (with each of CareFusion Germany 234 GmbH and Research Services Germany 234 GmbH being a supplier to the respective other party).

Schedule 7.5 − form of two software license agreements entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH.

Schedule 7.6 − quality assurance agreements in substantially the form entered into between Research Services Germany 234 GmbH and CareFusion Germany 234 GmbH.

Schedule 11 − form of trademark and copyright assignment and transfer agreement CareFusion Germany 234 GmbH caused its Affiliates to execute with Jaeger Nederland B.V. and deliver.

Schedule 12 − form of sublease agreements, subject to any changes that may be required in order to obtain the respective landlords' consent, entered into between Research Services Germany 234 GmbH and its Affiliates and CareFusion Germany 234 GmbH and its Affiliates.

Exhibit 2.2

Deed-No.161/2010

Notarial Deed

recorded

in Frankfurt am Main, Germany

this 28th day of May 2010,

Today before me, the undersigned Notary

Dr. Klaus Sommerlad,

with offices in Frankfurt am Main, Germany,

there appeared:

a) **Dr. Christoph Papenheim**, born 28 March 1967, with business address c/o DLA Piper UK LLP, Westhafenplatz 1, 60327 Frankfurt am Main, identified by presenting his valid identity card no. 401427646.

The deponent on the first part then declared that in relation to the following transaction he is not acting in his own name or on his own behalf but instead in the name of and on behalf of:

CareFusion Germany 234 GmbH, a limited liability company organized under the laws of the Federal Republic of Germany, with registered offices at Höchberg, Federal Republic of Germany, and duly registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Würzburg under registration number HRB 7004 (the "**Seller**"), and

pursuant to an undated power-of-attorney, the original of which were presented to the Notary and of which certified copies are attached hereto; and

b) **Dr. Till Kosche**, born 30 July 1973, with business address c/o Noerr LLP, Börsenstraße 1, 60313 Frankfurt am Main, identified by presenting his valid German identity card no. 5009183778.

The deponent on the second part then declared that in relation to the following transaction he is not acting in his own name or on his own behalf but instead in the name of and on behalf of:

Blitz F10-acht-drei-fünf GmbH & Co. KG, a limited partnership organized under the laws of the Federal Republic of Germany, with registered offices at c/o Noerr LLP, Börsenstraße 1, 60313 Frankfurt am Main, Federal Republic of Germany, and duly registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main under registration number HRA 45651 (the "**Purchaser**"), represented by its general partner Blitz F10-zwei-drei GmbH, registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 87888,

pursuant to a power-of-attorney dated 27 April 2010, 14.50 p.m, Deed No. 211/2010-US of the notary Dr. Ulf Schuler, the original of which was presented to the Notary and of which a certified copy is attached hereto.

The deponents then requested that the Notary record an agreement between them in the English language. In this context, the deponents each stated that they had sufficient command of the English language. The Notary, who himself has sufficient command of the English language, verified that each of the deponents did, in fact, have such sufficient command of the English language.

Thereupon, and pursuant to request of the Notary according to section 3 subsection 1 no. 7 of the German Notarization Code (*Beurkundungsgesetz*), the deponents declared that neither they nor any of the companies they represent in regard to the Agreement have previously been involved with the Notary or with his law firm in relation to the present transaction.

The deponents, acting as indicated, then declared the following:

The parties represented by us wish to enter into the following

FIRST AMENDMENT

to the

AGREEMENT

relating to

the sale, purchase and transfer of all shares in

Research Services Germany 234 GmbH

between

(1) CareFusion Germany 234 GmbH

and

(2) Blitz F10-acht-drei-fünf GmbH & Co. KG

THIS AGREEMENT (the "**Agreement**") is made

BETWEEN:

(1) the Seller; and

(2) the Purchaser.

BACKGROUND

A. The Seller and the Purchaser have entered into an agreement relating to the sale, purchase and transfer of all shares of Research Services Germany 234 GmbH (the "**Company**"), a limited liability company organized under the laws of the Federal Republic of Germany with registered offices at Höchberg, Federal Republic of Germany, and registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Würzburg under registration number HRB 10688 (Roll of deeds 134/2010 of the Notary Dr. Klaus Sommerlad dated 29 April 2010) (such agreement the "**SPA**").

B. According to a hive-out agreement entered into on 11 May, 2010 (Roll of deeds 86/2010 of the notary Rainer Jacob dated 11 May 2010) (such agreement the "**Hive-Out Agreement**"), the Seller' s research services business segment will be hived-out and merged into the Company pursuant to Sec. 123 (3) of the German Reorganization Act (*Umwandlungsgesetz – UmwG*) (the "**Hive-Out**"). The registration of the Hive-Out with the Commercial Register – upon which the Hive Out shall become effective – is to occur on the date hereof and is a Condition for the Completion of the SPA.

C. The Seller and the Purchaser intend to amend the SPA before Completion according to the terms and conditions set forth in this Agreement.

IT IS AGREED:

1. DEFINITIONS

Unless otherwise expressly defined in this Agreement, capitalized terms used herein shall have the same respective meanings ascribed to them in the SPA.

2. AMENDMENT TO CLAUSE 2.2 (SALE, PURCHASE AND TRANSFER OF SHARES) OF THE SPA

Clause 2.2 (Sale, Purchase and Transfer of Shares) of the SPA shall be repealed in its entirety and shall now read as follows:

"The Seller hereby transfers the Shares, subject to the following condition precedent (*Abtretung*). The Purchaser, subject to the following condition precedent, hereby accepts such transfer of the Shares. The aforementioned transfer and acceptance of transfer shall be subject to the condition precedent of the Payment of the Completion Payment, which condition is irrefutably presumed to have occurred once the Seller has received faxed bank transfer confirmations regarding the irrevocable transfer of the Completion Payment. The Purchaser herewith irrevocably offers (*bietet unwiderruflich an*) to the

Seller to transfer (*abtreten*) the Shares to the Seller ("**Call Option**"). The Call Option is made subject to the condition subsequent (*aufloesende Bedingung*) that of the Completion Payment, which the Parties have agreed is USD 80,821,290.18, an amount of no less than USD 80,820,000 has been credited to the following account of Seller: IBAN: DE67700202700862731000, BIC: XYVEDEMMXXX, bank account no. 862731000, bank: HypoVereinsbank, Muenchen ("**Seller' s Account**"), with value date (*Valutatag*) June 7, 2010 or any date prior to June 7, 2010. For the avoidance of doubt, acceptance of an amount lower than the Completion Payment is not, and shall not be deemed to be a waiver of the Seller' s claim to receive the Completion Payment in full. The Call Option can only be accepted by the Seller before the acting Notary by way of notarial deed according to Sec. 15 GmbHG (German limited liability companies act) ("**Call Option Execution Deed**"). On 8 June 2010, not before 9 a.m. CET and at least six hours before executing the Call Option, which cannot be executed before such date, the Seller shall provide proof of non-payment or payment of an amount of less than USD 80,820,000 to the Purchaser as set forth below; for the avoidance of doubt the execution of the Call Option is not subject to a condition subsequent or precedent to provide such proof. The Parties agree that conclusive proof of non-payment or payment of an amount of less than USD 80,820,000 is made by way of the Seller submitting a fax of the original confirmation of Seller' s bank (HypoVereinsbank, Muenchen) stating the non-payment or payment of an amount of less than USD 80,820,000 to Seller' s Account ("**Seller' s Account Statements**") with a copy to Noerr LLP, attention: Dr. Thomas Schulz, 089/280110; for the avoidance of doubt, in case of payment of USD 80,820,000 or more, Seller will provide written confirmation of receipt by Seller' s bank. If the Seller' s Account Statements show that the Seller has irrevocably received any amounts from the Purchaser, the Seller shall only be entitled to exercise the Call Option against simultaneous payment of any such amounts received by the Seller to the Purchaser, less any banking fees and charges to be proven to the Purchaser. The Purchaser shall cause the Company not to transact any business outside the ordinary course of business in accordance with past practice from 28 May 2010 until the Seller has exercised the Call Option. The Purchaser shall bear the notary' s fees for the execution of the Call Option Execution Deed. "

The Notary is hereby instructed by both Parties to provide both Parties with a certified copy of the Call Option Execution Deed.

3. AMENDMENT TO CLAUSE 4.1 (CONSIDERATION) OF THE SPA

Clause 4.1 (Consideration) of the SPA shall be repealed in its entirety and shall now read as follows:

"The Consideration shall be USD 80,938,934.18 (US Dollars eighty-million-nine-hundred-thirty-eight-thousand-nine-hundred-thirty-four.18/100) adjusted on the basis of the Completion Accounts as follows (the "**Consideration**"):"

4. AMENDMENT TO CLAUSE 9.2 (SELLER' S COVENANTS) OF THE SPA

Clause 9.2 (Seller' s Covenants) of the SPA shall be repealed in its entirety and shall now read as follows:

"The Seller undertakes and covenants with the Purchaser that at Completion Date the Company employs all Key Employees unless a Key Employee objects his/her transfer to the Company pursuant to Sec. 613 a of the German Civil Code or fails to transfer for other reasons beyond the control of the Seller, for example death. At Completion, the Seller will pay all amounts that it has calculated as being payable to Employees under the Personal Incentive Plan and Other Incentive Plan of the Business with respect to the fiscal year ending 30 June 2010 as of such date and will invoice the Company for its pro rata share of such amounts (which for example would be 1/12th of such amounts if Completion occurs on 28 May 2010), except to the extent such amounts are otherwise effectively paid by the Purchaser through inclusion of a prepaid amount equal to the Company' s pro rata share within Working Capital. After the Completion, to the extent the Employees are entitled to a higher payment under the Personal Incentive Plan and Other Incentive Plan with respect to the fiscal year ending 30 June 2010, the Purchaser shall pay such additional amounts as calculated in accordance with such plans and invoice the Seller any additional amounts owed by the Seller, determined on a pro rata basis. Such invoice shall include the Purchaser' s calculations of, and basis for, the additional amounts owed in accordance with such plans. Invoices issued pursuant to this Clause 9.2 shall be paid within ten (10) days after receipt."

5. AMENDMENT TO CLAUSE 10 (WARRANTIES AND COVENANTS OF PURCHASER) OF THE SPA

5.1 Clause 10.6 shall be repealed in its entirety and shall now read as follows:

"The Seller shall pay the Bonuses to the beneficiaries on or before September 30, 2010."

5.2 A new Clause 10.7 shall be added to Clause 10 (Warranties and Covenants of Purchaser) of the SPA, which shall read as follows:

"On Closing or within five Business Days thereafter, the Purchaser shall pay to each individual listed in Schedule 10.7 the respective corresponding amount set opposite the name of each individual."

Schedule 10.7 is attached to this Agreement.

6. AMENDMENT TO CLAUSE 11 OF SCHEDULE 4 (TAX INDEMNIFICATION) OF THE SPA

Clause 11 of Schedule 4 (Tax Indemnification) of the SPA shall be repealed in its entirety and shall now read as follows:

"**11. Certain Claims under the Hive Out Agreement**

The parties agree that a claim made by the Company pursuant to Part I, Section 11, Clause (1) through Clause (4) of the hive out agreement as notarized on 11 May 2010 (Roll of Deeds 86/2010 of the Notary Rainer Jacob, Frankfurt am Main) is a claim with respect to Taxes with respect to a period that closes on or prior to Completion that is covered by this Schedule 4, provided however, that the parties agree that Clause 3.2 (other than 3.2(c)) of this Schedule 4 shall not apply to such claim. Part I, Section 11, Clause (7) of the hive out agreement as notarized on 11 May 2010 (Roll of Deeds 86/2010 of the Notary Rainer Jacob, Frankfurt am Main) shall remain unaffected and continue to govern the types of claims described in this Clause 11."

7. AMENDMENT TO CLAUSE 12.2, SCHEDULE 7 (COMPLETION) AND SCHEDULE 10 (US TRANSFER DOCUMENTS) OF THE SPA

7.1 Clause 12.2 of the SPA shall be repealed in its entirety and shall now read as follows:

"At Completion, the Seller shall cause its Affiliates that own the US assets of Seller' s Group relating to the Business and listed in the bill of sale, assignment and assumption agreement (the "**US Assignment**"), and assignment of trademarks agreement attached hereto as Schedule 10 (collectively, the "**US Transfer Documents**") to execute and deliver such documents at Completion. The purchase price for the sale and transfer of these assets is included in the Consideration."

7.2 Clause 9 of Schedule 7 (Completion) of the SPA shall be repealed in its entirety and shall now read as follows:

"The Seller shall cause its Affiliates to execute and deliver the trademark assignment and transfer agreement attached hereto as Schedule 11."

7.3 The draft copyright assignment agreement as attached to Schedule 10 (US Transfer Documents) shall be repealed in its entirety.

8. UPDATE OF SCHEDULES PURSUANT TO CLAUSE 6.2 OF THE SPA

Pursuant to Clause 6.2 of the SPA, the Seller herewith repeals the following Schedules to the SPA in their entirety and replaces them by the respective Schedules attached to this Agreement:

1) Schedule 11.1 (Key employees and Employees' list);

2) Schedule 11.16 (List of terminated employees and other material agreements between employees and third parties)

3) Schedule 12.1 (Material Contracts).

The Purchaser reserves its right to object to the update of the Schedules made by the Seller herein for any reason, and nothing in this Agreement shall be interpreted to be a full or partial waiver of any rights the Purchaser may enjoy under the SPA.

9. COSTS

Each of the parties shall bear and pay its own separate legal, accountancy, actuarial and other fees, as well as any expenses incurred in, or incidental to, the preparation and implementation of this Agreement, it being understood that in no event shall the Company bear any portion of such fees or expenses. As between the parties, the Purchaser and the Seller shall equally bear the costs and fees of the Notary resulting from the execution and consummation of this Agreement.

10. SEVERABILITY

Should any provision of this Agreement, or any provision incorporated into this Agreement at any time in the future, be or become invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement or this Agreement in its entirety shall not be affected thereby. Instead of such invalid or unenforceable provision a suitable and equitable provision shall apply that, so far as is lawfully possible, in its meaning and effect comes as close as possible to the original intent and purpose of the invalid or unenforceable provision. The same shall apply: (i) if the parties have, unintentionally, failed to address a certain matter in this Agreement (*Regelungslücke*), in which case the parties shall be deemed to have agreed to a suitable and equitable provision which, in the light of the intent and purpose of this Agreement, comes as close as possible to what the parties would have agreed to if they had considered the matter; or (ii) if any provision of this Agreement is or becomes invalid because of the scope or effect of any time period or performance stipulated herein, a time period or performance permitted by law which comes as close as possible to the stipulated time period or performance shall be deemed to have been agreed.

11. OTHER PROVISIONS

Except as expressly set forth herein, the SPA shall remain unaffected and shall remain in full force and effect.

The Notary advised the persons appearing that

he is unaware of the tax situation of the parties and that he did not investigate the tax consequences of this Agreement and that, if required, the parties should seek the advice of a certified auditor or tax adviser before the execution of this Agreement;

the Notary is obligated pursuant to section 54 of the German Income Tax Implementation Ordinance (*EStDV*) to submit one copy of this deed to the German tax authorities; and

the parties are jointly liable for the costs of this deed, regardless of any of the provisions contained therein.

The above recording and all Schedules were submitted to the deponents for inspection and were approved by them. The deponents waived their right to have read out the Schedules 11.1, 11.16 and 12.1. Instead, the Schedules 11.1, 11.16 and 12.1 were signed by the deponents on each page.

The above recording and Schedule 10.7 were read out to the deponents by the Notary.

Then, the above recording was signed by the deponents and the Notary in their own hands as follows:

[SEAL OF NOTARY] /s/ Dr. Till Kosche, by Power of Attorney for Purchaser
/s/ Dr. Christoph Papenheim, by Power of Attorney for Seller
/s/ Dr. Klaus Sommerlad, Notary

Set forth below is a list that briefly identifies the schedules to this exhibit that we have omitted because they are not material. Upon the request of the Commission, we will supplementally furnish a copy of any such omitted schedule to the Commission.

Schedule 10.7 − schedule of individuals and amounts Blitz F10-acht-drei-fünf GmbH & Co. KG paid on closing or within five business days thereafter to employees of Research Services Germany 234 GmbH.

Schedule 11.1 − update of key employees and employees' list of Research Services Germany 234 GmbH and Biosigna GmbH.

Schedule 11.16 − update of list of terminated employees and other material agreements between Research Services Germany 234 GmbH' s employees and third parties.

Schedule 12.1 − update of types of contracts previously provided in which Research Services Germany 234 GmbH or BIOSIGNA GmbH is a party or which relates to the business, assets, operations or prospects of Research Services Germany 234 GmbH or BIOSIGNA GmbH.

Exhibit 10.15

EXECUTION COPY

$40,000,000

CREDIT AGREEMENT

between

ERESEARCHTECHNOLOGY, INC.,

as the Borrower,

and

CITIZENS BANK OF PENNSYLVANIA,

as the Lender

Dated as of May 27, 2010

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

SCHEDULES

SCHEDULE I	Existing Investments
SCHEDULE 3.10	Pension Plans
SCHEDULE 3.16	Subsidiaries
SCHEDULE 3.19	Collective Bargaining Agreements
SCHEDULE 3.20	Material Contracts
SCHEDULE 6.2(e)	Existing Indebtedness
SCHEDULE 6.3(g)	Existing Liens

EXHIBITS

EXHIBIT A	Form of Revolver Note
EXHIBIT B	Form of Notice of Borrowing

CREDIT AGREEMENT

CREDIT AGREEMENT, dated as of May 27, 2010, between **ERESEARCHTECHNOLOGY, INC.**, a Delaware corporation (the "Borrower") and **CITIZENS BANK OF PENNSYLVANIA** (the "Lender").

W I T N E S S E T H:

In consideration of the promises and the agreements hereinafter set forth, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acquisition": the acquisition by the Purchaser of all of the issued and outstanding Capital Stock of the Target pursuant to and in accordance with the terms of the Purchase Agreement.

"Adjusted EBITDA": with respect to any Person who has (or whose assets have) been acquired by the Borrower or any of its Subsidiaries for any period, the historical EBITDA of such Person or attributable to such assets for such period; provided, that, with respect to the Target, such historical EBITDA will be calculated utilizing management prepared financial statements provided to the Lender prior to the date hereof containing provision (accrual) for the costs borne by the Target of any and all services shared by and between the Target and any of its Affiliates in fiscal year 2009.

"Affiliate": as to any Person, any other Person which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person and any member, director, officer or employee of any such Person. For purposes of this definition, "control" shall mean the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or in effect cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement": this Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Anti-Terrorism Statute": shall mean any Law relating to terrorism or money laundering, including Executive Order No. 13224 and the USA Patriot Act.

"Applicable Margin": on any date, the percentage per annum set forth below in the column entitled "Applicable Margin – LIBOR Loan" or "Applicable Margin – LIBOR Advantage Loan", as appropriate, which corresponds to the Senior Leverage Ratio as shown on the last Compliance Certificate delivered by the Borrower to the Lender pursuant to subsection 5.2(b) prior to such date:

Level	Senior Leverage Ratio	Applicable Margin – LIBOR Loan		Applicable Margin – LIBOR Advantage Loan	
I	Less than 0.5 to 1.0	1.00	%	1.00	%
II	Greater than or equal to 0.5 to 1.0 but less than 1.0 to 1.0	1.25	%	1.25	%
III	Greater than or equal to 1.0 to 1.0 but less than 1.5 to 1.0	1.50	%	1.50	%
IV	Greater than or equal to 1.5 to 1.0	1.75	%	1.75	%

; provided, however, that (i) adjustments, if any, to the Applicable Margin resulting from a change in the Senior Leverage Ratio shall be effective three Business Days after the Lender has received a Compliance Certificate evidencing such change, (ii) in the event that no Compliance Certificate has been delivered for a fiscal quarter prior to the last date on which it can be delivered without violation of subsection 5.2(b), the Applicable Margin from such date until such Compliance Certificate is actually delivered shall be that applicable under Level IV, (iii) in the event that the actual Senior Leverage Ratio for any fiscal quarter is subsequently determined to be greater than that set forth in the Compliance Certificate for such fiscal quarter, the Applicable Margin shall be recalculated for the applicable period based upon such actual Senior Leverage Ratio and (iv) anything in this definition to the contrary notwithstanding, until receipt by the Lender of the Compliance Certificate for the fiscal quarter ending June 30, 2010, the Applicable Margin shall be that applicable under Level II. Any additional interest on the Revolver Loans resulting from the operation of clause (iii) above shall be payable by the Borrower to the Lender within five (5) days after receipt of a written demand therefor from the Lender.

"Application": in respect of each Letter of Credit issued by the Lender, an application, in such form as the Lender may specify from time to time, requesting issuance of such Letter of Credit.

"Availability": as of any date of determination, an amount equal to (a) the Commitment minus (b) the Facility Usage, in each case as of the date of determination.

"Base Rate": for any day, a fluctuating per annum rate of interest equal to the Prime Rate in effect on such day. Any change in the Base Rate due to a change in the Prime Rate shall conform to changes as of the opening of business on the date of such change in the Prime Rate.

"Base Rate Loan": any Revolver Loan bearing interest at a rate determined by reference to the Base Rate.

"Blocked Person": has the meaning assigned to such term in subsection 3.22(b).

"Borrowing Date": any Business Day on which a Revolver Loan is to be made at the request of the Borrower under this Agreement.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in Philadelphia, Pennsylvania are authorized or required by law to close and with respect to advances of LIBOR Loans or LIBOR Advantage Loans or any other matters relating to LIBOR Loans or LIBOR Advantage Loans, such day shall also be a London Banking Day.

"Capital Expenditures": all liabilities incurred, expenditures made or payments due (whether or not made) by the Borrower or any of its Subsidiaries for the acquisition of any fixed or capital assets, or any improvements, replacements, substitutions or additions thereto that should be capitalized on a consolidated balance sheet of the Borrower and its Subsidiaries, including the principal portion of Capital Leases, in each case, calculated in accordance with GAAP.

"Capital Lease": at any time, a lease with respect to which the lessee is required to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Lease Obligations": at any time, the amount of the obligations under Capital Leases which would be shown at such time as a liability on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries prepared in accordance with GAAP.

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

"Change of Control": (a) any "person" or "group" (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof) shall own, directly or indirectly, beneficially or of record, shares representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower, (b) a majority of the seats (other than vacant seats) on the board of directors of the Borrower shall at any time be occupied by persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated, (c) the Borrower ceases to directly own and control, beneficially and of record, all of the issued and outstanding Capital Stock of each of ERT Tech, ERT Investment, Covance and ERT UK1, (d) ERT UK1 ceases to directly own and control, beneficially and of record, all of the issued and outstanding Capital Stock of ERT UK2, (e) ERT UK2 ceases to directly own and control, beneficially and of record, all of the issued and outstanding Capital Stock of ERT Limited, (f) ERT Limited ceases to directly or indirectly own and control, beneficially and of record, all of the issued and outstanding Capital Stock of Purchaser, (g) Purchaser ceases to directly own and control, beneficially and of record, all of the issued and outstanding Capital Stock of the Target, (h) all or substantially all of the Borrower' s assets are sold or transferred, or (i) the approval of any plan or proposal for the liquidation or dissolution of the Borrower.

"Closing Date": the first date on which all of the conditions precedent set forth in Section 4.1 have been satisfied or waived by the Lender, which date is May 27, 2010.

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

"Commitment": $40,000,000, as the same may be changed from time to time in accordance with the provisions of this Agreement.

"Commitment Fee": has the meaning assigned to such term in Section 2.5.

"Commitment Fee Rate": On any date, the percentage per annum set forth below in the column entitled Commitment Fee Rate which corresponds to the Senior Leverage Ratio as shown on the last Compliance Certificate delivered by the Borrower to the Lender pursuant to subsection 5.2(b) prior to such date:

Level	Senior Leverage Ratio	Commitment Fee Rate
I	Less than 0.5 to 1.0	0.10 %
II	Greater than or equal to 0.5 to 1.0 but less than 1.0 to 1.0	0.15 %
III	Greater than or equal to 1.0 to 1.0 but less than 1.5 to 1.0	0.15 %
IV	Greater than or equal to 1.5 to 1.0	0.20 %

; provided, however, that (i) adjustments, if any, to the Commitment Fee Rate resulting from a change in the Senior Leverage Ratio shall be effective three Business Days after the Lender has received a Compliance Certificate evidencing such change, (ii) in the event that no Compliance Certificate has been delivered for a fiscal quarter prior to the last date on which it can be delivered without violation of subsection 5.2(b), the Commitment Fee Rate from such date until such Compliance Certificate is actually delivered shall be that applicable under Level IV, (iii) in the event that the actual Senior Leverage Ratio for any fiscal quarter is subsequently determined to be greater than that set forth in the Compliance Certificate for such fiscal quarter, the Commitment Fee Rate shall be recalculated for the applicable period based upon such actual Senior Leverage Ratio and (iv) anything in this definition to the contrary notwithstanding, until receipt by the Lender of the Compliance Certificate for the fiscal quarter ending June 30, 2010 the Commitment Fee Rate shall be that applicable under Level II. Any additional Commitment Fee that is due to the Lender resulting from the operation of clause (iii) above shall be payable by the Borrower within five (5) days after receipt of a written demand therefor from the Lender.

"Commitment Period": the period from and including the date hereof to but not including the Termination Date.

"Compliance Certificate": has the meaning assigned to such term in subsection 5.2(b).

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

"Costs": has the meaning assigned to such term in subsection 2.13(c).

"Covance": Covance Cardiac Safety Services Inc., a Pennsylvania corporation.

"Debt Service Coverage Ratio": on any date, the ratio of (a) Modified EBITDA calculated for the period of four (4) consecutive fiscal quarters ending on such date less cash taxes paid, less Distributions paid, in each case during such period to (b) Fixed Charges during such period.

"Default": any of the events specified in Section 7, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition precedent therein set forth, has been satisfied.

"Default Rate": a rate per annum equal to the Base Rate, plus three percent (3%); provided that, with respect to any LIBOR Loan or LIBOR Advantage Loan, the Default Rate shall be three percent (3%) in excess of the rate which would otherwise be applicable to such LIBOR Loan or LIBOR Advantage Loan, as applicable.

"Disqualified Capital Stock": Capital Stock that (a) matures or is mandatorily redeemable or subject to mandatory repurchase or redemption or repurchase at the option of the holders thereof (including Capital Stock that may be required to be redeemed upon the failure to maintain or achieve any financial performance standards), in each case in whole or in part and whether upon the occurrence of any event, pursuant to a sinking fund obligation on a fixed date or otherwise, prior to the date that is 180 days after the scheduled Termination Date; (b) is convertible or exchangeable, automatically or at the option of any holder thereof, into any Indebtedness, other Disqualified Capital Stock or other assets, in each case, prior to the date that is 180 days after the scheduled Termination Date; (c) requires payment of Distributions or (d) entitles the holder thereof to disproportionate voting rights.

"Distribution": in respect of any Person, (a) dividends or other distributions on Capital Stock of such Person (except distributions solely in Capital Stock of such Person); (b) the redemption or acquisition of such Capital Stock or of warrants, rights or other options to purchase such Capital Stock (except when solely in exchange for Capital Stock of such Person); and (c) any payment on account of, or the setting apart of any assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of any share of any class of Capital Stock of such Person or any warrants or options to purchase any such Capital Stock.

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

"Domestic Subsidiary" any direct or indirect Subsidiary of the Borrower that is not a Foreign Subsidiary, whether now existing or hereafter created.

"EBITDA": shall mean, for any period, the operating profit of the Borrower and its Subsidiaries plus the sum of (a) any one-time fees, expenses or charges incurred in connection with the Acquisition in an amount not to exceed $4,000,000 in the aggregate, (b) any non-cash charges and (b) the sum of depreciation and amortization, in each case determined for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP for such period. As used in the definition of Modified EBITDA and Adjusted EBITDA, EBITDA shall also be determined for any Person who has (or whose assets have) been acquired by the Borrower or any of its Subsidiaries to the extent provided in such definitions.

"Eligible Transferee": (a) the Lender; (b) any Affiliate of the Lender; (c) any person (whether a corporation, partnership, trust or otherwise) that is engaged in the business of making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by the Lender or an Eligible Transferee or with respect to an Eligible Transferee that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as the Lender or an Eligible Transferee or by an Affiliate of such investment advisor, and in each case is approved by the Lender; and (d) any other commercial bank, financial institution or "accredited investor" (as defined in Regulation D under the Securities Act of 1933) approved by the Lender, provided, that, (i) neither the Borrower nor any of its Subsidiaries or any Affiliate of the Borrower or any of its Subsidiaries shall qualify as an Eligible Transferee, (ii) no Person to whom any Indebtedness which is in any way subordinated in right of payment to any other Indebtedness of the Borrower or any of its Subsidiaries shall qualify as an Eligible Transferee, except as the Lender may otherwise specifically agree and (iii) so long as no Default or Event of Default shall exist or have occurred and be continuing, the Borrower shall have the right to approve an Eligible Transferee described in clause (c) or (d) above, which consent shall not be unreasonably withheld or delayed.

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

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time, and any regulations issued thereunder by the Department of Labor or PBGC.

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

"ERISA Event": (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity is a "substantial employer" (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under

Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"ERT Investment": eRT Investment Corporation, a Delaware corporation.

"ERT Limited": eResearchTechnology, Limited, a private limited company incorporated in England and Wales under the Companies Act 2006.

"ERT Tech": eRT Tech Corporation, a Delaware corporation.

"ERT UK1": eResearchTechnology UK 1 Limited, a private limited company incorporated in England and Wales under the Companies Act 2006.

"ERT UK2": eResearchTechnology UK 2 Limited, a private limited company incorporated in England and Wales under the Companies Act 2006.

"Event of Default": any of the events specified in Section 7, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Executive Order No. 13224": shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Extensions of Credit": the collective reference to Revolver Loans made and Letters of Credit issued under this Agreement.

"Facility Usage": at any time the sum of (a) the amount of all Revolver Loans then outstanding and (b) the Letter of Credit Obligations then outstanding.

"Fixed Charges": for any period, the sum of (on a consolidated basis): (a) interest expense (other than payment-in-kind) for such period, (b) the aggregate amount of all scheduled principal payments made during such period in respect of Indebtedness (including the principal component of all Capital Lease Obligations) and (c) the aggregate amount of all principal payments (other than scheduled principal payments) made during such period in respect of Indebtedness (including the principal component of all Capital Lease Obligations), to the extent that such payments reduced any scheduled principal payments that would have become due within one year after the date of the applicable payment.

"FLSA": has the meaning assigned to such term in Section 3.7.

"Foreign Plan": any employee benefit plan or arrangement (a) maintained or contributed to by the Borrower or a Subsidiary that is not subject to the laws of the United States; or (b) mandated by a government other than the United States for employees of the Borrower or a Subsidiary.

"Foreign Subsidiary": shall mean any direct or indirect Subsidiary of the Borrower organized under the laws of any jurisdiction other than the United States of America or one of its states, commonwealths or territories or the District of Columbia.

"GAAP": at any time with respect to the determination of the character or amount of any asset or liability or item of income or expense, or any consolidation or other accounting computation, generally accepted accounting principles as in effect in the United States on the date of, or at the end of the period covered by, the financial statements from which such asset, liability, item of income, or item of expense, is derived, or, in the case of any such computation, as in effect on the date when such computation is required to be determined, consistently applied.

"Governmental Acts": has the meaning assigned to such term in subsection 2.6(i).

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantors" collectively, each and every Domestic Subsidiary.

"Guaranty" the guaranty, dated as of the date hereof, made by each Domestic Subsidiary in favor of the Lender, together with each guaranty and guaranty supplement delivered to the Lender from time to time pursuant to Section 5.10.

"Guaranty Obligation": as to any Person, any guarantee of payment or performance by such Person of any Indebtedness or other obligation of any other Person, or any agreement to provide financial assurance with respect to the financial condition, or the payment of the obligations of, such other Person (including, without limitation, purchase or repurchase agreements, reimbursement agreements with respect to letters of credit or acceptances, indemnity arrangements, grants of security interests to support the obligations of another Person, keepwell agreements and take-or-pay or through-put arrangements) which has the effect of assuring or holding harmless any third Person against loss with respect to one or more obligations of such third Person; provided, however, the term Guaranty Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation of any Person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made and (b) the maximum amount for which such contingently liable Person may be liable pursuant to the terms of the instrument embodying such Guaranty Obligation, unless such primary obligation and the maximum amount for which such contingently liable Person may be liable are not stated or determinable, in which case the amount of such Guaranty Obligation shall be such contingently liable Person' s maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith. Guaranty Obligations of any Person shall include the amount of any future "earn-out" or similar payments to be made to any other Person in connection with a Permitted Acquisition whether or not the same are reflected as indebtedness on the financial statements of the contingently liable Person.

"Indebtedness": of any Person at any date, without duplication:

(a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than trade liabilities incurred in the ordinary course of business not more than 60 days overdue (or being contested in good faith) and payable in accordance with customary practices), including earn-outs and similar obligations,

(b) any other indebtedness which is evidenced by a note, bond, debenture or similar instrument,

(c) all Capital Lease Obligations of such Person,

(d) all obligations of such Person in respect of outstanding letters of credit, acceptances and similar obligations created for the account of such Person,

(e) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof,

(f) all redemption obligations, prior to the Termination Date, in respect of Redeemable Preferred Stock of such Person,

(g) net liabilities of such Person under interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements, netting agreements and other hedging agreements or arrangements (calculated on a basis satisfactory to the Lender and in accordance with accepted practice),

(h) withdrawal liabilities of such Person or any ERISA Affiliate under a Plan, and

(i) all Guaranty Obligations of such Person with respect to liabilities of a type described in any of clauses (a) through (h) of this definition.

The Indebtedness of any Person shall include any Indebtedness of any other entity (including any partnership in which such Person is the general partner) to the extent such Person is liable therefore as a result of such Person' s ownership interest in or relationship with such entity.

"Intellectual Property": has the meaning ascribed thereto in Section 3.15.

"Interest Payment Date": (a) as to any Base Rate Loan, the last day of each calendar quarter while such Revolver Loan is outstanding, (b) as to any LIBOR Loan having an Interest Period of three months or less, the last day of such Interest Period and (c) as to any Revolver Loan, in addition to the foregoing, the Termination Date.

"Interest Period": with respect to any LIBOR Loan,

(a) initially the period commencing on the borrowing or continuation date, as the case may be, with respect to such LIBOR Loan and ending one, two or three months thereafter, as selected by the Borrower in its Notice of Borrowing given with respect thereto; and

(b) thereafter, each period commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Loan and ending one, two or three months thereafter, as selected by the Borrower by irrevocable notice to the Lender in a Notice of Borrowing not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

provided, that the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;

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

(iii) no Interest Period shall extend beyond the Termination Date.

"Investments": investments (by loan or extension of credit, purchase, advance, guaranty, capital contribution or otherwise), whether or not made in cash, by delivery of Property or otherwise, by the Borrower or any of its Subsidiaries (a) in any Person, whether by acquisition of stock or other ownership interest, indebtedness or other obligation or security, or by loan, advance or capital contribution or (b) in any Property, or any agreement to do any of the foregoing.

"ISP98": has the meaning assigned to such term in Section 2.6(a).

"LA Interest Payment Date": initially, the 1st day of July, 2010, and thereafter the day of each succeeding month which numerically corresponds to such date or, if a month does not contain a day that numerically corresponds to such date, the LA Interest Payment Date shall be the last day of such month.

"LA Interest Period": with respect to any LIBOR Advantage Loan, the period commencing on (and including) the Closing Date (the "Start Date") and ending on (but excluding) the date which numerically corresponds to such date one month later, and thereafter, each one month period ending on the day of such month that numerically corresponds to the Start Date. If an LA Interest Period is to end in a month for which there is no day which numerically corresponds to the Start Date, the LA Interest Period will end on the last day of such month. Notwithstanding the date of commencement of any LA Interest Period, interest shall only begin to accrue as of the date the initial LIBOR Advantage Loan is made hereunder.

"Law": any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, release, ruling, order, injunction, writ, decree or award of any Governmental Authority.

"Letter of Credit Coverage Requirement": with respect to each Letter of Credit at any time, 105% of the maximum amount available to be drawn thereunder at such time (determined without regard to whether any conditions to drawing could be met at such time).

"Letter of Credit Fee": has the meaning assigned to that term in subsection 2.6(b).

"Letter of Credit Fee Rate": on any date, the percentage per annum set forth below which corresponds to the Senior Leverage Ratio shown on the last Compliance Certificate delivered by the Borrowers to the Lender pursuant to subsection 5.2(b) prior to such date:

Level	Senior Leverage Ratio	Letter of Credit Fee Rate
I	Less than 0.5 to 1.0	1.00 %
II	Greater than or equal to 0.5 to 1.0 but less than 1.0 to 1.0	1.25 %
III	Greater than or equal to 1.0 to 1.0 but less than 1.5 to 1.0	1.50 %
IV	Greater than or equal to 1.5 to 1.0	1.75 %

; provided, however, that (i) adjustments, if any, to the Letter of Credit Fee Rate resulting from a change in the Senior Leverage Ratio shall be effective three Business Days after the Administrative Agent has received a Compliance Certificate evidencing such change, (ii) in the event that no Compliance Certificate has been delivered for a fiscal quarter prior to the last date on which it can be delivered without violation of subsection 5.2(b), the Letter of Credit Fee Rate from such date until such Compliance Certificate is actually delivered shall be that applicable under Level V, (iii) in the event that the actual Senior Leverage Ratio for any fiscal quarter is subsequently determined to be greater than that set forth in the Compliance Certificate for such fiscal quarter, the Letter of Credit Fee Rate shall be recalculated for the applicable period based upon such actual Senior Leverage Ratio and (iv) anything in this definition to the contrary notwithstanding, until receipt by the Lender of the Compliance Certificate for the fiscal quarter ending June 30, 2010, the Letter of Credit Fee Rate shall be that applicable under Level II. Any additional fees on the Letters of Credit resulting from the operation of clause (iii) above shall be payable by the Borrower to the Lender within five (5) days after receipt of a written demand therefor from the Lender.

"Letter of Credit Obligations": at any time, an amount equal to the sum of (a) 100% of the maximum amount available to be drawn under all Letters of Credit outstanding at such time (determined without regard to whether any conditions to drawing could be met at such time) and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to subsection 2.6(c)(i).

"Letters of Credit": collectively, any letters of credit issued by the Lender under Section 2.6.

"LIBOR Advantage Loan": any Revolver Loan bearing interest at a rate determined by reference to the LIBOR Advantage Rate.

"LIBOR Advantage Rate": relative to any LA Interest Period, the offered rate for delivery in two London Banking Days of deposits of Dollars for a term coextensive with the designated LA Interest Period which the British Bankers' Association fixes as its LIBOR rate as of 11:00 a.m. London time on the day on which such LA Interest Period commences. If the first day of any LA Interest Period is not a day which is both a (i) Business Day, and (ii) a London Banking Day, the LIBOR Advantage Rate shall be determined by reference to the next preceding day which is both a Business Day and a London Banking Day. If for any reason the LIBOR Advantage Rate is unavailable and/or the Lender is unable to determine the LIBOR Advantage Rate for any LA Interest Period, the Lender may, at its discretion, either: (a) select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York with comparable maturities or (b) accrue interest at a rate equal to the Prime Rate as of the first day of any LA Interest Period for which the LIBOR Advantage Rate is unavailable or cannot be determined.

"LIBOR Loan": any Revolver Loan bearing interest at a rate determined by reference to the LIBOR Rate.

"LIBOR Rate": with respect to Revolver Loans comprising any Tranche to which the LIBOR Rate applies for any Interest Period, the interest rate per annum determined by the Lender by dividing (i) the offered rate for deposits of Dollars in an amount approximately equal to the amount of the requested LIBOR Loan for a term coextensive with the designated Interest Period which the British Bankers' Association fixes as its LIBOR rate as of 11:00 a.m. London time on the day which is two London Banking Days prior to the beginning of such Interest Period by (ii) a percentage equal to one hundred percent (100%) minus the LIBOR Reserve Percentage. If such day is not a London Banking Day, the LIBOR Rate shall be determined on the immediately preceding day which is a London Banking Day. If for any reason the Lender cannot determine such offered rate by the British Bankers' Association, the Lender may, in its discretion, select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York for deposits in comparable amounts and maturities.

"LIBOR Reserve Percentage": relative to any day of any Interest Period, the maximum aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) under any regulations of the Board of Governors of the Federal Reserve System (the "Board") or other governmental authority having jurisdiction with respect thereto as issued from time to time and then applicable to assets or liabilities consisting of "Eurocurrency Liabilities", as currently defined in Regulation D of the Board, having a term approximately equal or comparable to such Interest Period.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever

(including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Loan Documents": this Agreement, the Revolver Note, the Share Charge, the Guaranty and the Applications, as the same may be amended, restated or supplemented from time to time in accordance herewith or therewith, and each sometimes being referred to herein as a "Loan Document".

"Loan Party": collectively, the Borrower and each Guarantor.

"London Banking Day": a day on which dealings in Dollars deposits are transacted in the London interbank market.

"Material Adverse Effect": a material adverse effect on (a) the business, operations, property or condition (financial or otherwise) or prospects of the Borrower or any of its Subsidiaries, (b) the ability of the Borrower or any of its Subsidiaries to perform their respective obligations under this Agreement, the Revolver Note or any other Loan Document to which it is a party or (c) the validity or enforceability of this Agreement, the Revolver Note or any of the other Loan Documents or the rights or remedies of the Lender hereunder or thereunder.

"Material Contract": any Contractual Obligation (other than purchase orders) of the Borrower or any of its Subsidiaries involving monetary liability of or to any Person in an amount in excess of $3,000,000 in any fiscal year and any other Contractual Obligation, whether written or oral, to which the Borrower or any of its Subsidiaries is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto would have a Material Adverse Effect.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphynels, and ureaformaldehyde insulation.

"Modified EBITDA": for any period of four consecutive fiscal quarters (each a "Reference Period"), EBITDA for such Reference Period; provided that, if at any time during such Reference Period, the Borrower or any of its Subsidiaries shall have acquired the stock or material assets of any Person, then (a) to the extent that the Adjusted EBITDA of such acquired Person or attributable to such acquired assets shall be ten percent (10%) or less of Modified EBITDA for the most recent Reference Period ending on or prior to the date of such acquisition for which financial statements have theretofore been delivered to the Lenders pursuant to Section 5.1, Modified EBITDA shall include such Adjusted EBITDA as if the acquisition occurred on the first day of such Reference Period, so long as a Responsible Officer shall furnish to the Lender a certificate showing in reasonable detail by fiscal quarter the calculation of such Adjusted EBITDA and (b) to the extent that the Adjusted EBITDA of such acquired Person or attributable to such acquired assets shall be more than ten percent (10%) of Modified EBITDA for the most recent Reference Period ending on or prior to the date of such acquisition for which financial statements have theretofore been delivered to the Lender pursuant to Section 5.1, Modified EBITDA shall include such Adjusted EBITDA as if the acquisition occurred on the

first day of such Reference Period, so long as (i) the Lender shall have received financial statements of such acquired Person (or relating to such acquired assets) audited by an independent nationally recognized accounting firm for the prior two (2) most recently ended fiscal years for which financial statements are available prepared on a GAAP basis (or other basis acceptable to the Lender) or an independent third-party due diligence report for such acquired Person (or relating to such acquired assets) in form and substance acceptable to the Lender and (ii) a Responsible Officer shall furnish to the Lender a certificate showing in reasonable detail by each fiscal quarter the calculation of such Adjusted EBITDA.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Multiple Employer Plan": a Pension Plan that has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Notice of Borrowing": with respect to any Revolver Loan, a notice from the Borrower in respect of such Revolver Loan, containing the information in respect of such Revolver Loan and delivered to the Lender, in the manner and by the time specified pursuant to the terms hereof. A form of the Notice of Borrowing for Revolver Loans is attached hereto as Exhibit B.

"Obligations": collectively, (a) all Reimbursement Obligations and all unpaid principal of and accrued and unpaid interest on (including, without limitation, any interest accruing subsequent to the commencement of a bankruptcy, insolvency or similar proceeding with respect to the Borrower, whether or not such interest constitutes an allowed claim in such proceeding) the Revolver Loans, (b) all accrued and unpaid fees arising or incurred under this Agreement or any other Loan Document, (c) any other amounts due hereunder or under any of the other Loan Documents, including all reimbursements, indemnities, fees, costs, expenses, prepayment premiums, break-funding costs and other obligations of the Borrower to the Lender or any indemnified party hereunder or thereunder, (d) any obligations owed by the Borrower to the Lender or to any Affiliate of the Lender pursuant to a interest rate cap agreement, interest rate swap agreement, foreign currency exchange agreement, netting agreement or other hedging agreement or arrangement, and (e) all costs and expenses incurred by the Lender in connection with this Agreement and the other Loan Documents, including but not limited to the reasonable fees and expenses of the Lender' s counsel, which the Borrower is responsible to pay pursuant to the terms of this Agreement and/or the other Loan Documents.

"Original Currency": has the meaning assigned to such term in Section 2.16.

"OSHA": has the meaning assigned to such term in Section 3.7.

"Other Currency": has the meaning assigned to such term in Section 2.16.

"Other Taxes": has the meaning assigned to such term in subsection 2.14(b).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Pension Act": the Pension Protection Act of 2006.

"Pension Funding Rules": the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan": any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Permit": as defined in Section 3.7(b).

"Permitted Acquisition": (i) the Acquisition and (ii) any other acquisition by the Borrower of the stock or assets of a Person in a similar or related line of business to the Borrower, provided that: (a) at the time that any definitive agreement is entered into in respect of such acquisition, no Default or Event of Default shall exist or would exist if such acquisition were consummated on such date, (b) at the time of and after giving effect to such acquisition, the Senior Leverage Ratio on a pro forma basis shall be less than or equal to 1.5 to 1.0, (c) at least twenty (20) days prior to such acquisition, the Lender shall have received a draft of the acquisition agreement in substantially final form, (c) on or prior to the date of such acquisition, the Lender shall have received copies of the definitive acquisition agreement and all related instruments, opinions, certificates, lien search results and other documents reasonably requested by the Lender, each in form and content reasonably acceptable to the Lender, (d) at the time of such acquisition and after giving effect thereto, the Borrower shall be in compliance on a pro forma basis with the financial covenants contained in Section 6.1, (e) such acquisition shall be consensual and shall have been approved by the target entity' s board of directors (or similar governing body), (f) the sum of (I) the aggregate consideration (including any "earn-outs" or other deferred payments) paid by the Borrower and any of its Subsidiaries in connection with such acquisition, (II) any Investments of the Borrower and its Subsidiaries permitted under clause (m) of the definition of Permitted Investments and (III) all other Permitted Acquisitions consummated during any fiscal year of the Borrower shall not exceed $20,000,000 in the aggregate, and (g) at the time of and after giving effect to such acquisition, Availability shall be not less than $10,000,000. In determining whether the Senior Leverage Ratio on a pro forma basis shall be less than or equal to 1.5 to 1.0 after giving effect to a proposed acquisition (I) Total Debt shall be Total Debt on the date of and after giving effect to such acquisition and any Indebtedness incurred to finance such acquisition, and (II) Modified EBITDA shall be for the four consecutive fiscal quarters ending on the last day of the immediately preceding fiscal quarter for which the Lender has received financial statements under subsection 5.1(a) or (b) and the historical EBITDA (on a GAAP basis) of the Person who is being acquired, or attributable to the assets being acquired, shall be considered to the extent, if any, provided in the definition of Modified EBITDA.

"Permitted Investments": Investments in:

(a) Investments existing on the date hereof and disclosed on Schedule I attached hereto;

(b) prepaid expenses and extensions of trade credit made on usual and customary terms in the ordinary course of business;

(c) current assets arising from the sale or purchase of goods and services in the ordinary course of business of the Borrower and its Subsidiaries;

(d) direct obligations of the United States of America or any agency or instrumentality thereof, or obligations guaranteed by the United States of America or any agency or instrumentality thereof, provided that such obligations mature within one (1) year from the date of acquisition thereof;

(e) certificates of deposit, time deposits or banker' s acceptances, maturing within one (1) year from the date of acquisition, with banks or trust companies organized under the laws of the United States, the unsecured long-term debt obligations of which are rated "A3" or higher by Moody' s or "A-" or higher by S&P, and issued, or in the case of banker' s acceptance, accepted, by a bank or trust company having capital, surplus and undivided profits aggregating at least $500,000,000 (any such bank being an "Approved Bank");

(f) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (d) above and entered into with an Approved Bank;

(g) securities with put dates or maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States or by any political subdivision or taxing authority of any such state, commonwealth or territory, the securities of which state, commonwealth, territory, political subdivision or taxing authority (as the case may be) are rated "A3" or higher by Moody' s or "A-" or higher by S&P;

(h) commercial paper and variable or fixed rate notes issued by (i) any Approved Bank or (ii) any corporation, provided, that if such corporation is not a domestic corporation, such debt is issued in Dollars and, in each case, such debt is rated "A3" or higher by Moody' s or "A-" or higher by S&P and matures within one (1) year of the date of acquisition;

(i) investments in "money market funds" within the meaning of Rule 2a-7 of the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in the investments of the type described in clauses (d) though (f) above;

(j) advances to employees to meet expenses incurred by such employees in the ordinary course of business in an aggregate amount not to exceed $250,000 at any one time outstanding;

(k) Permitted Acquisitions;

(l) loans (i) by the Borrower to any of its Domestic Subsidiaries, (ii) by any Domestic Subsidiary of the Borrower to any other Domestic Subsidiary of the Borrower, (iii) by the Borrower or any Domestic Subsidiary of the Borrower to any Foreign Subsidiary of the Borrower in a principal amount not to exceed $2,000,000 in the aggregate or (iv) by any Subsidiary of the Borrower to the Borrower; provided, that in each case, (A) as of the date of any such loan and after giving effect thereto, the Borrower or Subsidiary making such loan shall be solvent, (B) such loans shall be subordinated to the Obligations in a manner satisfactory to the Lender (it being acknowledged by the Lender that the subordination provisions set forth in the Guaranty are satisfactory with respect to (i) and (ii) above), and (C) as of the date of any such loan and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing; and

(m) any other investment in any Person in a similar or related line of business to the Borrower. provided, that such investments shall not exceed $5,000,000 in the aggregate during any fiscal year of the Borrower.

"Permitted Liens": has the meaning assigned to such term in Section 6.3.

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

"Plan": any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan) maintained for employees of the Borrower or any ERISA Affiliate, or any such Plan to which the Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

"Preferred Stock": means, in respect of any corporation, shares of Capital Stock of such corporation that are entitled to preference or priority over any other shares of the Capital Stock of such corporation in respect of payment of dividends or distribution of assets upon liquidation.

"Prime Rate": a rate per annum equal to the rate of interest announced by the Lender in its Principal Office from time to time as its "Prime Rate." The Borrower acknowledges that the Bank may make loans to its customers above, at or below the Prime Rate.

"Principal Office": the main banking office of the Lender in Pittsburgh Pennsylvania.

"Properties": the collective reference to the facilities and properties owned, leased or operated by the Borrower or any of its Subsidiaries.

"Published Rate": the rate of interest published each Business Day in The Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one-month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for a one-month period as published in another publication determined by the Lender).

"Purchase Agreement": that certain Agreement, dated as of April 29, 2010, by and between CareFusion Germany 234 GmbH and Purchaser, as may be amended, restated or supplemented from time to time through the Closing Date.

"Purchaser": Blitz F10-acht-drei-funf GmbH & Co. KG.

"Redeemable": with respect to the Preferred Stock of any Person, each share of such Person' s Preferred Stock that is: (a) redeemable, payable or required to be purchased or otherwise retired or extinguished or convertible into debt of such Person (i) at a fixed or determinable date, whether by operation of sinking fund or otherwise, (ii) at the option of any Person other than such Person, or (iii) upon the occurrence of a condition not solely within the control of such Person; or (b) convertible into other Redeemable Preferred Stock of such Person.

"Regulations T, U and X": Regulations T, U and X promulgated by the Board of Governors of the Federal Reserve System (12 C.F.R. part 220 et seq., 12 C.F.R. Part 221 et seq. and 12 C.F.R. Part 224 et seq., respectively), as such regulations are now in effect and as may hereafter be amended.

"Reimbursement Obligation": in respect of each Letter of Credit, the obligation of the Borrower to reimburse the Lender for all drawings made thereunder in accordance with subsection 2.6(c)(i) and for any accrued interest in accordance with subsection 2.6(c)(ii) and in connection with the Application related to such Letter of Credit for amounts drawn under such Letter of Credit.

"Reportable Event": any of the events set forth in Section 4043(c)(1), (2), (4), (5), (6), (10) and (13) of ERISA.

"Requested Increase": has the meaning assigned to such term in subsection 2.11(d).

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

"Responsible Officer": with respect to any Person, the chief executive officer, president, treasurer, controller or chief financial officer of such Person. Unless otherwise qualified, all references to a "Responsible Officer" in this Agreement shall refer to a Responsible Officer of the Borrower.

"Restrictive Agreement": an agreement that conditions or restricts the right of the Borrower or any of its Subsidiaries to incur or repay Indebtedness, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Indebtedness, or to repay any intercompany Indebtedness.

"Revolver Loans": has the meaning assigned to such term in subsection 2.1(a).

"Revolver Note": has the meaning assigned to such term in Section 2.2, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Senior Debt": on any date, Total Debt on such date less Subordinated Debt on such date.

"Senior Leverage Ratio": on any date, the ratio of (a) Senior Debt on such date, to (b) Modified EBITDA calculated for the period of four (4) consecutive fiscal quarters ending on such date.

"Services Subsidiary": any Domestic Subsidiary of the Borrower which is created after the Closing Date to assume and perform, or which is intended to assume and perform, any portion of the functions or operations performed by the Borrower as of the Closing Date.

"Services Subsidiary Contract": any contract or other written agreement, by and between the Services Subsidiary and the Borrower, as may be amended, restated, supplemented or otherwise modified from time to time, regarding the services to be performed by the Services Subsidiary for or on behalf of the Borrower and the fees or other compensation to be paid by the Borrower to the Services Subsidiary or the Services Subsidiary to the Borrower on account thereof.

"Share Charge": the Charge over Shares and Securities, dated as of the date hereof, by and between the Borrower and the Lender, as the same may be amended, restated or supplemented from time to time.

"Subordinated Debt": on any date all Indebtedness of the Borrower and its Subsidiaries at such date which is subordinated to the Obligations in a manner satisfactory to the Lender, including that (i) no portion of the principal of such Indebtedness shall be payable prior to one hundred eighty (180) days after the Termination Date, (ii) such Indebtedness shall be unsecured and (iii) the financial and other covenants for such Indebtedness are no more restrictive than those contained in this Agreement.

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

"Target": Research Services Germany 234 GmbH, a German limited liability company.

"Taxes": has the meaning assigned to such term in Section 2.14.

"Termination Date": the earlier of (a) May 27, 2013 and (b) the date the Commitment is terminated as provided herein.

"Total Debt": at any date, the aggregate of all Indebtedness of the Borrower and its Subsidiaries at such date determined on a consolidated basis (including the current portion thereof and the undrawn stated amount of any letters of credit then outstanding).

"Tranche": specified portions of Revolver Loans outstanding as follows: (a) any Revolver Loans to which a LIBOR Rate applies which become subject to the same LIBOR Rate under the same Notice of Borrowing and which have the same Interest Period shall constitute one Tranche, (b) all Revolver Loans to which the LIBOR Advantage Rate applies shall constitute one Tranche, and (c) all Revolver Loans to which the Base Rate applies shall constitute one Tranche.

"Type": when used in respect of any Revolver Loan, shall refer to the Rate at which interest on such Revolver Loan accrues. For purposes hereof, "Rate" shall include the LIBOR Rate, the LIBOR Advantage Rate and the Base Rate.

"Upstream Payments": a Distribution by any Subsidiary of the Borrower to (i) the Borrower, (ii) any Guarantor or (iii) any other Person that otherwise owns a direct equity interest in such Subsidiary, in proportion to such Person' s ownership interest in such Subsidiary or on account of repayment of any intercompany loan which constitutes a Permitted Investment.

"USA Patriot Act": the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be renewed, extended, amended or replaced.

"Voting Stock": Capital Stock of any class or classes of a Person, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors (or Persons performing similar functions).

"Wachovia Loan Agreement": that certain Loan Agreement, dated as of June 26, 2008, by and among Wachovia Bank, National Association ("Wachovia"), the Borrower, ERT Tech and ERT Investment, as amended by that certain Modification Number One to Promissory Note and Loan Agreement, dated as of May 19, 2009, by and among Wachovia, the Borrower, ERT Tech and ERT Investment.

"Wachovia Loan Documents": the Wachovia Loan Agreement, the Wachovia Promissory Note and all documents, instruments and other agreements related thereto (including, without limitation, any deposit account, investment property or similar control agreements), as the same may be amended, modified, restated or supplemented from time to time.

"Wachovia Promissory Note": that certain Promissory Note, dated as of June 26, 2008, issued by the Borrower, ERT Tech and ERT Investment in favor of Wachovia in the original principal amount of $3,000,000, as amended by that certain Modification Number One to Promissory Note and Loan Agreement, dated as of May 19, 2009, by and among Wachovia, the Borrower, ERT Tech and ERT Investment.

"Wholly-Owned Subsidiary": at any time, any Subsidiary, of which one hundred percent (100%) of all of its equity securities (except directors' qualifying shares) and Voting Stock are owned by any one or more of the Borrower and its other Wholly-Owned Subsidiaries at such time or by any Wholly-Owned Subsidiary of such other Wholly-Owned Subsidiary.

1.2. Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have such defined meanings when used in the Revolver Note, the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the Notes and the other Loan Documents, and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Borrower and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP. Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with GAAP (including principals of consolidation where appropriate). Notwithstanding the foregoing, if the Borrower notifies the Lender in writing that the Borrower wishes to amend any covenant in Section 6.1 of this Agreement or any related definition to eliminate the effect of any change in GAAP occurring after the Closing Date on the operation of such covenant (or if the Lender notifies the Borrower in writing that the Lender wishes to amend Section 6.1 or any related definition solely for such purpose), then the Borrower' s compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Lender, and the Borrower shall provide to the Lender, when it delivers its financial statements pursuant to Section 5.1(a) and (b) of this Agreement, such reconciliation statements as shall be reasonably requested by the Lender.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents:

(i) References to the plural include the singular, the plural, the part and the whole; "or" has the inclusive meaning represented by the phrase "and/or," and the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(ii) The section and other headings contained in this Agreement or such other Loan Document and the Table of Contents (if any), preceding this Agreement or such other Loan Document are for reference purposes only and shall not control or affect the

construction of this Agreement or such other Loan Document or the interpretation thereof in any respect.

(iii) Reference to any Person includes such Person' s successors and assigns.

(iv) Reference to any agreement (including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto), document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated.

(v) Relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding," and "through" means "through and including".

(vi) Unless the context requires otherwise any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

(vii) The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(viii) A time of day shall be construed as a reference to Philadelphia, Pennsylvania time, unless otherwise stated.

SECTION 2. LOANS AND TERMS OF COMMITMENTS

2.1. The Loans.

(a) Revolver Loans. Subject to the terms and conditions hereof, the Lender agrees to make revolving credit loans (the "Revolver Loans") to the Borrower from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding not to exceed the amount of the Commitment; provided, that after giving effect to each such Revolver Loan, the aggregate amount of outstanding Revolver Loans made by the Lender shall not exceed (i) the Commitment minus (ii) the sum of the Letter of Credit Obligations then outstanding. The Commitment may be terminated or reduced from time to time pursuant to Section 2.11. Within the foregoing limits, the Borrower may during the Commitment Period borrow, repay and reborrow under the Commitment, subject to and in accordance with the terms and limitations hereof.

(b) Type of Loans. Except as otherwise provided in Section 2.10, the Revolver Loans may from time to time be (i) LIBOR Loans, (ii) LIBOR Advantage Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.3 and 2.4.

2.2. Notes.

(a) The Revolver Loans made by the Lender shall be evidenced by a promissory note executed by the Borrower, substantially in the form of Exhibit A, with appropriate insertions as to payee, date and principal amount (the "Revolver Note"), payable to the order of the Lender and in a principal amount equal to the amount of the Commitment. The Lender is hereby authorized to record the date, currency, Type and amount of each Revolver Loan made by the Lender, each continuation thereof, each conversion of all or a portion thereof to another Type, the date and amount of each payment or prepayment of principal thereof and, in the case of LIBOR Loans, the length of each Interest Period with respect thereto on the schedule annexed to and constituting a part of the Revolver Note, and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded, provided, that the failure of the Lender to make such recordation (or any error in such recordation) shall not affect the obligations of the Borrower hereunder or under the Revolver Note. The Revolver Note shall (a) be dated the Closing Date, (b) be stated to mature on the Termination Date and (c) provide for the payment of interest in accordance with Sections 2.7 and 2.8.

2.3. Procedure for Revolver Loans.

(a) Except as otherwise provided herein, the Borrower may from time to time prior to the Termination Date request the Lender to make Revolver Loans by delivering to the Lender, not later than 12:00 noon Philadelphia time, three (3) Business Days prior to the proposed Borrowing Date, a duly completed Notice of Borrowing. Each Notice of Borrowing shall be irrevocable and shall specify (i) the proposed Borrowing Date; (ii) the aggregate amount of the proposed Revolver Loans comprising each Tranche, which shall be in integral multiples of $100,000 and not less than $1,000,000 or, if less, the maximum amount available under the Commitment (iii) whether the LIBOR Rate or the LIBOR Advantage Rate shall apply to the proposed Revolver Loans comprising the applicable Tranche and (iv) in the case of a Tranche to which the LIBOR Rate applies, the Interest Period for the proposed Revolving Loans comprising such Tranche.

(b) If in a Notice of Borrowing no election as to the Type of Revolver Loan is specified in any such notice, then the requested Revolver Loan shall be a LIBOR Advantage Loan. If a LIBOR Loan is requested but no Interest Period with respect to such LIBOR Loan is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month' s duration.

2.4. Conversion and Continuation Options. Subject to Section 2.10, the Borrower shall have the right at any time upon prior irrevocable notice to the Lender (i) not later than 12:00, noon, Philadelphia time, three (3) Business Days prior to conversion or continuation, to convert any Base Rate Loan into a LIBOR Loan or to continue any LIBOR Loan as a LIBOR Loan for any additional Interest Period and (ii) not later than 10:00 am, Philadelphia time, not less than two (2) nor more than five (5) Business Days prior to conversion, to convert any LIBOR Advantage Loan into a LIBOR Loan, subject in each case to the following:

(a) no LIBOR Loan may be continued as such and no Base Rate Loan or LIBOR Advantage Loan may be converted to a LIBOR Loan when any Default or Event of

Default has occurred and is continuing and the Lender has determined that such a continuation is not appropriate; and

(b) any portion of a Revolver Loan maturing or required to be repaid in less than one month may not be converted into or continued as a LIBOR Loan;

(c) any portion of a LIBOR Loan that cannot be converted into or continued as a LIBOR Loan by reason of subsection 2.4(a) or 2.4(b) shall be converted to a Base Rate Loan on the last day of the Interest Period in effect for such Revolver Loan;

(d) any LIBOR Loan as to which the Borrower has failed to give notice of continuation (or has failed to specify an Interest Period in such notice of continuation) automatically shall be continued as a LIBOR Loan with an Interest Period of one month' s duration; and

(e) LIBOR Advantage Loans shall be converted to LIBOR Loans in the minimum amount of $1,000,000 or in whole multiples of $100,000 in excess thereof.

Each request by the Borrower to convert or continue a Revolver Loan shall constitute a representation and warranty that no Default or Event of Default shall have occurred and be continuing. Accrued interest on a Revolver Loan (or portion thereof) being converted shall be paid by the Borrower at the time of conversion. In connection with each such conversion or continuation requested by the Borrower, the Borrower shall deliver to the Lender a Notice of Borrowing.

2.5. Fees.

(a) The Borrower agrees to pay to the Lender, on each March 31, June 30, September 30 and December 31, a commitment fee (the "Commitment Fee") in an amount equal to the Commitment Fee Rate in effect from time to time multiplied by the average daily amount of the Unused Commitments during the immediately preceding fiscal quarter (or shorter period commencing on the date hereof or ending on the Termination Date). All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be paid in Dollars. The Commitment Fees due to the Lender shall commence to accrue on the Closing Date and shall cease to accrue on the Termination Date.

(b) The foregoing fees shall be paid on the dates due, in immediately available funds, to the Lender. Once paid, none of the foregoing fees shall be refundable under any circumstances.

2.6. Letter of Credit Subfacility.

(a) The Borrower may request the issuance of a Letter of Credit by delivering to the Lender a completed Application and agreement for letters of credit in such form and with such other certificates, documents and information as the Lender may specify from time to time by no later than 10:00 a.m., Philadelphia time, at least five (5) Business Days (or such shorter period as may be agreed to by the Lender) in advance of the proposed date of issuance. Each Letter of Credit shall be denominated in Dollars. Subject to the terms and conditions

hereof, the Lender will issue each such Letter of Credit requested by the Borrower, provided, that each Letter of Credit shall (A) have a maximum maturity of twelve (12) months from the date of issuance, and (B) in no event expire later than 364 days following the Termination Date, and provided further, that in no event shall (i) the amount of the Letter of Credit Obligations at any one time exceed the lesser of (x) $500,000, or (y) the Commitment minus the amount of the outstanding Revolver Loans. The Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Lender to exceed, any limits imposed by any applicable Requirement of Law. Notwithstanding the provisions of this subsection 2.6, the Lender and the Borrower hereby agree that the Lender may issue upon the Borrower' s request, one or more Letter(s) of Credit which by its or their terms may be extended for additional periods of up to one year each provided that (i) the initial expiration date (or any subsequent expiration date) of each such Letter of Credit is not later than 364 days following the Termination Date then in effect, and (ii) renewal of such Letters of Credit, at the Lender' s discretion, shall be available upon written request from the Borrower to the Lender at least thirty (30) days (or such other time period as agreed by the Borrower and the Lender) before the date upon which notice of renewal is otherwise required. Each standby Letter of Credit shall be subject either to the Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce at the time a Letter of Credit is issued ("UCP") or the International Standby Practices (ISP98 International Chamber of Commerce Publication Number 590 ("ISP98")), as determined by the Lender, and each trade Letter of Credit issued under this Agreement shall be subject to the UCP, and in each case to the extent not inconsistent therewith, the Laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

(b) The Borrower shall pay in Dollars to the Lender (i) a fee (the "Letter of Credit Fee") in an amount equal to the Letter of Credit Fee Rate in effect from time to time multiplied by the daily average undrawn stated amount of each outstanding Letter of Credit and (ii) a fronting fee equal to .25% per annum on the daily average undrawn stated amount of each outstanding Letter of Credit issued by the Lender (computed in each case on the basis of the actual number of days such Letters of Credit are outstanding in a year of 360 days), which amounts shall be payable quarterly in arrears commencing with the last Business Day of each March, June, September and December following the Closing Date and on the Termination Date. The Borrower shall also pay to the Lender in Dollars the Lender' s then in effect customary fees and administrative expenses payable with respect to Letters of Credit issued by the Lender as the Lender may generally charge or incur from time to time in connection with the issuance, maintenance, modification (if any), assignment or transfer (if any), negotiation, and administration of letters of credit. Once paid, all of the above fees shall be nonrefundable under all circumstances.

(c) (i) The Borrower agrees to reimburse the Lender in respect of a Letter of Credit issued by the Lender on each date on which a draft presented under such Letter of Credit is paid by the Lender for the amount of (i) such draft so paid and (ii) any taxes, fees, charges or other costs or expenses incurred by the Lender in connection with such payment. Each such payment shall be made to the Lender in Dollars in immediately available funds.

(ii) Interest shall be payable on any and all amounts remaining unpaid by the Borrower under the foregoing subsection (i) from the date such amounts become

payable (whether at stated maturity, by acceleration or otherwise) until payment in full at the Default Rate and shall be payable by the Borrower on demand by the Lender.

(d) (i) The Borrower agrees with the Lender that the Lender shall not be responsible for, and the Borrower' s Reimbursement Obligations under subsection 2.6(c)(i) shall not be affected by, among other things (x) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, provided, that reliance upon such documents by the Lender shall not have constituted gross negligence or willful misconduct of the Lender or (y) any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (z) any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee.

(ii) the Lender shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by the Lender' s gross negligence or willful misconduct.

(iii) The Borrower agrees that any action taken or omitted by the Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower and shall not result in any liability of the Lender to the Borrower.

(e) If any draft shall be presented for payment to the Lender under any Letter of Credit, the Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit and any other obligation expressly imposed by the provisions of UCP or ISP98, as applicable to such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

(f) To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall apply.

(g) The Borrower agrees to be bound by the terms of each Application and the Lender' s written regulations and customary practices relating to letters of credit, though such interpretations may be different from the Borrower' s own. It is understood and agreed that, except in the case of gross negligence or willful misconduct, the Lender shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following the Borrower' s instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

(h) The obligations of the Borrower to reimburse the Lender upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable under any

circumstances, and shall be performed strictly in accordance with the terms of this Section 2.6 under all circumstances, including the following circumstances:

(i) any lack of validity or enforceability of any Letter of Credit;

(ii) the existence of any claim, set-off, defense or other right which the Borrower or the Lender may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting) or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Borrower and the beneficiary for which any Letter of Credit was procured);

(iii) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) payment by the Lender under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit;

(v) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of the Borrower;

(vi) any breach of this Agreement or any other Loan Document by the Borrower;

(vii) the occurrence or continuance of an insolvency proceeding with respect to the Borrower;

(viii) the fact that an Event of Default or a Default shall have occurred and be continuing;

(ix) the fact that the Termination Date shall have passed or this Agreement or the Commitment hereunder shall have been terminated; and

(x) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(i) In addition to amounts payable as provided in Section 8.5, the Borrower hereby agrees to protect, indemnify, pay and save harmless the Lender from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel) which the Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit, other than as a result of (A) the gross negligence or willful misconduct of the Lender as determined by a final judgment of a court of competent jurisdiction or (B) subject to the following clause (ii), the wrongful dishonor by the Lender of a proper demand for payment made under any Letter of Credit, or (ii) the failure of the Lender to honor a drawing under any such

Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions herein called "Governmental Acts").

(j) As between the Borrower and the Lender, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Lender shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of or drawing under any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of the Borrower against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, facsimile, cable, telex or otherwise; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Lender, including any Governmental Acts, and none of the above shall affect or impair, or prevent the vesting of, any of the Lender' s rights or powers hereunder.

In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by the Lender under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not create any liability of the Lender to the Borrower.

2.7. Interest Rates and Payment Dates.

(a) Subject to the provisions of Section 2.8, each Base Rate Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be) at a rate per annum equal to the Base Rate.

(b) Subject to the provisions of Section 2.8, each LIBOR Advantage Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the LIBOR Advantage Rate for the LA Interest Period in effect for such LIBOR Advantage Loan plus the Applicable Margin.

(c) Subject to the provisions of Section 2.8, each LIBOR Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the LIBOR Rate for the Interest Period in effect for such LIBOR Loan plus the Applicable Margin.

(d) Interest on each Revolver Loan (other than LIBOR Advantage Loans) shall be payable in arrears on each Interest Payment Date applicable to such Revolver Loan; provided that interest accruing on overdue amounts pursuant to Section 2.8 shall be payable on demand as provided in such Section. Interest on each LIBOR Advantage Loan shall be payable in arrears on each LA Interest Payment Date. The LIBOR Rate, the LIBOR Advantage Rate and the Base Rate shall be determined by the Lender in accordance with the terms of this Agreement, and such determination shall be conclusive and binding on the Borrower absent manifest error.

(e) Subject to the provisions of this Agreement, the Borrower may select different Interest Periods to apply simultaneously to Revolver Loans comprising different Tranches and may renew one or more interest rates with respect to all or any portion of the Revolver Loans compromising any Tranche, provided, that there shall not be at any one time outstanding more than five (5) Tranches in the aggregate for LIBOR Loans and LIBOR Advantage Loans.

(f) If at any time the designated rate applicable to any Revolver Loan made by the Lender exceeds the Lender' s highest lawful rate, the rate of interest on such Revolver Loan shall be limited to the Lender' s highest lawful rate.

2.8. Default Interest. Upon the occurrence of and during the continuance of an Event of Default under subsection 7.1(a) or (f), the outstanding principal amount of the Revolver Loans and, to the extent permitted by law, accrued and unpaid interest thereon and any other amount payable hereunder, shall bear interest at the Default Rate (after as well as before judgment). Upon the occurrence of and during the continuance of an Event of Default other than under subsection 7.1(a) or (f), the outstanding principal amount of the Revolver Loans and, to the extent permitted by law, accrued and unpaid interest thereon and any other amounts payable hereunder, shall bear interest at the Default Rate, at the option of the Lender (after as well as before judgment) from the date of such Event of Default. The Borrower acknowledges that such increased interest rate reflects, among other things, the fact that such Revolver Loans or other amounts have become a substantially greater risk given their default status and that the Lender is entitled to additional compensation for such risk.

2.9. Payments.

(a) The Borrower shall make each payment (including principal of or interest on any borrowing or any fees or other amounts) hereunder not later than 11:00 a.m., Philadelphia time, on the date when due to the Lender at its offices set forth in Section 8.2 in Dollars in immediately available funds. Such payments shall be made without set-off or counterclaim of any kind. The Lender' s statement of account, ledger or other relevant record shall, in the absence of manifest error, be conclusive as the statement of the amount of principal of and interest on the Revolving Loans and other amounts owing under this Agreement.

(b) Whenever payment of any amount shall become due hereunder (other than payments on LIBOR Loans or LIBOR Advantage Loans), or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or

fees, if applicable. Whenever payment of any amount on a LIBOR Loan or a LIBOR Advantage Loan shall become due hereunder, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

2.10. LIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available.

(a) The Lender shall have the rights specified in subsection 2.10(c) if on any date on which a LIBOR Rate or LIBOR Advantage Rate would otherwise be determined, the Lender shall have determined that (i) adequate and reasonable means do not exist for ascertaining such LIBOR Rate or LIBOR Advantage Rate, as applicable or (ii) a contingency has occurred which adversely affects the London interbank eurodollar market relating to the LIBOR Rate or the LIBOR Advantage Rate, as applicable.

(b) The Lender shall have the rights specified in subsection 2.10(c) if at any time:

(i) the Lender shall have determined that the making, maintenance or funding of any Revolver Loan to which a LIBOR Rate or LIBOR Advantage Rate applies has been made unlawful by compliance by the Lender in good faith with any Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any such Governmental Authority (whether or not having the force of Law), or

(ii) the Lender shall have determined that the making, maintenance or funding of any Revolver Loan to which a LIBOR Rate or LIBOR Advantage Rate applies has been made impracticable by compliance by the Lender in good faith with any Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any such Governmental Authority (whether or not having the force of Law), or

(iii) the Lender shall have determined that such LIBOR Rate or LIBOR Advantage Rate will not adequately and fairly reflect the cost to the Lender of the establishment or maintenance of any such Revolver Loan, or

(iv) the Lender shall have determined that after making all reasonable efforts, deposits of the relevant amount in Dollars for the relevant Interest Period for a Revolver Loan, to which a LIBOR Rate applies, are not available to the Lender, or to banks generally, in the interbank eurodollar market.

(c) In the case of any event specified in subsection 2.10(a) or (b) above, the Lender shall promptly so notify the Borrower thereof. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of the Lender to allow the Borrower to select or renew a LIBOR Rate or LIBOR Advantage Rate shall be suspended until the Lender shall have later notified the Borrower of the Lender' s determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Lender makes a determination under subsection 2.10(a) and the

Borrower has previously notified the Lender of its selection or renewal of a LIBOR Rate or LIBOR Advantage Rate and such interest rate has not yet gone into effect, such notification shall be deemed to provide for selection or renewal of a Base Rate Loan to the extent permitted hereunder. If the Lender notifies the Borrower of a determination under subsection 2.10(b), the Borrower shall, subject to the Borrower' s indemnification obligations under subsection 2.15, either (i) convert all LIBOR Loans and LIBOR Advantage Loans to Base Rate Loans or (ii) prepay all LIBOR Loans and LIBOR Advantage Loans in accordance with Section 2.12, in each case on the date specified in such notice. Absent due notice from the Borrower of conversion or prepayment, such LIBOR Loans and LIBOR Advantage Loans shall automatically be converted to Base Rate Loans upon such specified date.

2.11. Termination, Permanent Reduction and Increase of Commitment.

(a) The Commitment shall be automatically terminated on the Termination Date whereupon all Revolver Loans and accrued interest thereon shall become due and payable.

(b) Upon at least five (5) Business Days' prior irrevocable written notice to the Lender, the Borrower may at any time and from time to time, in whole or in part permanently reduce the Commitment; provided, however, that (i) each partial reduction of the Commitment shall be in a minimum principal amount of $1,000,000 or in a whole multiple thereof, and (ii) the Commitment may not be reduced or terminated if, after giving effect thereto and to any prepayments of the Revolver Loans made on the effective date thereof, the Facility Usage at such time would exceed the Commitment at such time.

(c) The Borrower shall pay to the Lender on the date of each termination or reduction of the Commitment, any and all Commitment Fees on the amount of the Commitment so terminated or reduced which are accrued and unpaid as of the date of such termination or reduction.

(d) (i) The Borrower may at any time and from time to time, subject to the last sentence hereof, request an increase in the Commitment by sending a written notice thereof to the Lender. Such notice shall specify the total amount of the increase requested by the Borrower (the "Requested Increase"); provided that, (i) the Requested Increase shall be in an amount equal to at least $5,000,000 and (ii) the Commitment shall not at any time exceed $50,000,000 less the aggregate amount of any permanent reductions of the Commitment pursuant to subsection 2.11(b) hereof. The fees, interest rates and other terms in respect of any increase in the Commitment shall be determined at the time of any request for any such increase, provided that any increase in the interest rates applicable to any such increase in the Commitment shall also apply to any Revolver Loans outstanding as of the date of such increase. The Lender shall not be obligated to increase the Commitment and any such increase shall be in the Lender' s sole and absolute discretion.

(ii) Notwithstanding anything to the contrary in this subsection 2.11(d), (x) the Borrower may not request an increase in the Commitment if at the time of such request a Default or Event of Default shall exist and (y) no increase in the Commitment shall

become effective if on the date that such increase would become effective, a Default or Event of Default shall exist.

2.12. Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay Revolver Loans, in whole or in part, without premium or penalty (but in any event subject to subsection 2.15), upon prior written, telecopy or telephonic notice to the Lender given, in the case of Base Rate Loans, no later than 12:00 noon, Philadelphia time, one (1) Business Day before any proposed prepayment, and in the case of LIBOR Loans and LIBOR Advantage Loans, no later than 12:00 noon, Philadelphia time, three (3) Business Days before any such proposed prepayment. In each case the notice shall specify the date and amount of each such prepayment, whether the prepayment is of LIBOR Loans, LIBOR Advantage Loans or Base Rate Loans, or a combination thereof, and, if a combination thereof, the amount allocable to each; provided, however, that each such partial prepayment shall be in the minimum principal amount of $1,000,000 or in whole multiples of $100,000 in excess thereof.

(b) On the date of any termination or reduction of the Commitment pursuant to Section 2.11, the Borrower shall pay or prepay so much of the Revolver Loans as shall be necessary in order that the Facility Usage at such time would not exceed the aggregate amount of the Commitment at such time.

(c) All prepayment notices shall be irrevocable. The principal amount of the Revolver Loans for which a prepayment notice is given, together with interest on such principal amount except with respect to Base Rate Loans, shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made. If the Borrower fails to specify the applicable Tranche which the Borrower is prepaying, the prepayment shall, subject to the immediately prior sentence, be applied to Base Rate Loans, then to LIBOR Advantage Loans and then to LIBOR Loans, with payments applied to LIBOR Loans being applied in order of next maturing Interest Periods. Any prepayment hereunder shall be subject to the Borrower' s obligation to indemnify the Lender under Section 2.15.

(d) Amounts prepaid pursuant to this Section (other than subsection (b) hereof) may be reborrowed, subject to the terms and conditions hereof.

2.13. Requirements of Law.

(a) In the event that any change in any Requirement of Law or in the interpretation, or application thereof or compliance by the Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject the Lender to any tax of any kind whatsoever with respect to this Agreement, the Revolver Note, any Letter of Credit, any Application, any LIBOR Loan or any LIBOR Advantage Loan made by it or payments by the Borrower of principal, interest, fees or other amounts due from the Borrower hereunder, or change the basis of taxation of payments to the Lender in respect thereof (except for taxes covered by Section

2.14 and changes in the rate of tax on the net income or franchise taxes of the Lender or a surcharge on the net income or franchise taxes of the Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans, letters of credit or other extensions of credit by, or any other acquisition of funds by, the Lender which is not otherwise included in the determination of the interest rate on such LIBOR Loan or LIBOR Advantage Loan hereunder; or

(iii) shall impose on the Lender any other condition;

and the result of any of the foregoing is to increase the cost to the Lender of making, continuing or maintaining LIBOR Loans or LIBOR Advantage Loans, maintaining any commitment hereunder or issuing Letters of Credit or to reduce any amount receivable hereunder in respect thereof then, in any such case, the Borrower shall promptly pay the Lender, upon its demand, any additional amounts necessary to compensate the Lender for such increased cost or reduced amount receivable. If the Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall as promptly as practicable notify the Borrower of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this subsection setting out in reasonable detail the calculation thereof, submitted by the Lender to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Revolver Note and all other amounts payable hereunder.

(b) In the event that the Lender shall have determined that any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by the Lender or any corporation controlling the Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on the Lender' s or such corporation' s capital as a consequence of its obligations hereunder or under any Letter of Credit to a level below that which the Lender or such corporation could have achieved but for such change or compliance (taking into consideration the Lender' s or such corporation' s policies with respect to capital adequacy) by an amount deemed by the Lender to be material, then from time to time, the Borrower shall promptly pay the Lender, upon its demand, such additional amount or amounts as will compensate the Lender for such reduction. If the Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall as promptly as practicable notify the Borrower of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this subsection submitted by the Lender to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Revolver Note and all other amounts payable hereunder.

(c) Failure or delay on the part of the Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital ("Costs") shall not constitute a waiver of the Lender' s right to demand such compensation; provided that the Borrower shall not be under any obligation to compensate the

Lender under paragraph (a) or (b) above with respect to Costs with respect to any period prior to the date that is twelve months prior to the date the Lender knew of (i) the circumstances giving rise to such Costs, (ii) the fact that such circumstances would in fact result in a claim for increased compensation by reason of such Costs, and (iii) the exact amount of such Costs; provided further that the foregoing limitation shall not apply to any Costs arising out of the retroactive application of any law, regulation, rule, guideline or directive as aforesaid within such twelve month period.

2.14. Taxes.

(a) All payments made by the Borrower hereunder and under the Revolver Note shall be made free and clear of and without deduction for any present or future taxes, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, including any interest, additions to tax or penalties applicable thereto (excluding, in the case of the Lender, net income taxes and franchise or gross receipts taxes imposed on the Lender, as the case may be, as a result of a present or former connection between the jurisdiction of the government or taxing authority imposing such tax and the Lender (excluding a connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement, the Revolver Note or the other Loan Documents)) (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If the Borrower shall be required by Law to deduct any Taxes from or in respect of any sum payable hereunder or under the Revolver Note, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant tax authority or other authority in accordance with applicable Law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, under the Revolver Note or under any other Loan Document or from the execution, delivery, or registration of, or otherwise with respect to, this Agreement, the Revolver Note or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify the Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this subsection) paid by the Lender and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Lender makes written demand therefor.

(d) Within 30 days after the date of any payment of any Taxes or Other Taxes by the Borrower, if available, the Borrower shall furnish to the Lender, at its address referred to herein, the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in subsections 2.14(a) through (d) shall survive the payment in full of principal and interest hereunder and under any instrument delivered hereunder.

(f) If the Lender receives a refund in respect of Taxes or Other Taxes paid by the Borrower, which in the good faith judgment of the Lender is allocable to such payment, it shall, if no Event of Default has occurred and is continuing, promptly pay such refund to the Borrower, net of all out-of-pocket expenses (including any taxes to which the Lender has become subject as a result of its receipt of such refund) of the Lender incurred in obtaining such refund and without interest; provided, however, that the Borrower agrees to promptly return such refund (plus all out-of-pocket expenses including any penalties, interest or other charges imposed by the relevant governmental authority) to the Lender if it receives notice from the Lender that the Lender is required to repay such refund to such governmental authority. Nothing contained in this Section 2.14(f) shall require the Lender to make available its tax returns (or any other information relating to its taxes which it deems to be confidential) to the Borrower or any other Person.

2.15. Indemnity.

(a) The Borrower agrees to indemnify the Lender and to hold the Lender harmless from any loss or expense which the Lender may sustain or incur as a consequence of (i) default by the Borrower in payment when due of the principal amount of or interest on any LIBOR Loan, (ii) default by the Borrower in making a borrowing or continuation of LIBOR Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (iii) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (iv) the making of a prepayment (whether voluntary, mandatory, as a result of acceleration or otherwise) of LIBOR Loans on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. A certificate as to any amounts that the Lender is entitled to receive under this Section 2.15 submitted by the Lender to the Borrower shall be conclusive in the absence of manifest error and all such amounts shall be paid by the Borrower promptly upon demand by the Lender. This covenant shall survive the termination of this Agreement and the payment of the Revolver Note and all other amounts payable hereunder.

(b) For the purpose of calculation of all amounts payable to the Lender under this subsection, the Lender shall be deemed to have actually funded any LIBOR Loan through the purchase of a deposit bearing interest at the LIBOR Rate in an amount equal to the amount of such LIBOR Loan and having a maturity comparable to the relevant Interest Period; provided, however, that the Lender may fund each LIBOR Loan in any manner it sees fit, and the foregoing assumptions shall be utilized only for the calculation of amounts payable under this subsection. This covenant shall survive the termination of this Agreement and the payment of the Revolver Loans and all other amounts payable hereunder.

2.16. Judgment Currency.

(a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under Revolver Note in any currency (the "Original Currency") into another currency (the "Other Currency"), the parties hereby agree, to the fullest extent permitted by Law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Lender could purchase the Original Currency with the Other Currency after any premium and costs of exchange on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due from the Borrower to the Lender hereunder shall, notwithstanding any judgment in an Other Currency, whether pursuant to a judgment or otherwise, be discharged only to the extent that, on the Business Day following receipt by the Lender of any sum adjudged to be so due in such Other Currency, the Lender may in accordance with normal banking procedures purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment or payment, to indemnify the Lender against such loss.

2.17. Change of Lending Office. The Lender agrees that, upon the occurrence of any event giving rise to the operation of Sections 2.13 or 2.14, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of the Lender) to designate another lending office for any Revolver Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of the Lender, cause the Lender and its lending office(s) to suffer no economic, legal, regulatory or other disadvantage, and provided, further, that nothing in this Section shall affect or delay the required performance of any of the obligations of the Borrower or the rights of the Lender pursuant to Sections 2.13 or 2.14.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into this Agreement and to make the Revolver Loans and issue the Letters of Credit, the Borrower hereby represents and warrants to the Lender that:

3.1. Financial Condition. The consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at December 31, 2009 and the related consolidated statements of income and of cash flows for the period ended on such date, copies of which have heretofore been furnished to the Lender, present fairly in all material respects the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the period then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved. Neither the Borrower nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Guaranty Obligation, liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest

rate or foreign currency swap or exchange transaction, which is required by GAAP to be but is not reflected in the foregoing statements or in the notes thereto.

3.2. No Change. Since December 31, 2009, there has been no development or event nor any prospective development or event which has had or could reasonably be expected to have a Material Adverse Effect.

3.3. Corporate Existence; Compliance with Law. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the corporate or other power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, and (c) is duly qualified to transact business and is in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

3.4. Corporate Power; Authorization; Enforceable Obligations. The Borrower and each of its Subsidiaries has the corporate or other power, authority, and legal right to make, deliver and perform this Agreement, the Applications and each other Loan Document to which it is a party and to borrow hereunder and has taken all necessary corporate or other action to authorize the Extensions of Credit on the terms and conditions of this Agreement and each other Loan Document to which it is a party and to authorize the execution, delivery and performance of this Agreement and each other Loan Document to which it is a party. No consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person (including stockholders and creditors of the Borrower or any of its Subsidiaries) is required in connection with the Extensions of Credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement, the Revolver Note, the Applications or any other Loan Document. This Agreement has been and each other Loan Document to which it is a party will be, duly executed and delivered on behalf of the Borrower and each of its Subsidiaries. This Agreement constitutes and each other Loan Document when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower and each of its Subsidiaries party thereto enforceable against the Borrower and each of its Subsidiaries in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

3.5. No Legal Bar. The execution, delivery and performance of this Agreement, the Revolver Note, the Applications and the other Loan Documents by the Borrower and each of its Subsidiaries party thereto, the Extensions of Credit extended hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of the Borrower or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any properties or revenues of the Borrower or any of its Subsidiaries.

3.6. No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to this Agreement, the Revolver Note, the other

Loan Documents or any of the transactions contemplated hereby or thereby, or (b) as to which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

3.7. Compliance with Other Agreements and Requirements of Law. (a) Neither the Borrower nor any of its Subsidiaries is in default in any respect under, or in violation in any respect of the terms of, any Contractual Obligation and the Borrower and each of its Subsidiaries is in compliance with all Requirements of Law, including, without limitation, those set forth in or promulgated pursuant to the Occupational Safety and Health Act of 1970 ("OSHA"), as amended, the Fair Labor Standards Act of 1938 (the "FLSA"), as amended, ERISA, the Code and the rules and regulations thereunder, and all Environmental Laws. No Default or Event of Default has occurred and is continuing.

(b) Each of the Borrower and its Subsidiaries has obtained all material permits, licenses, approvals, consents, certificates, orders or authorizations of any Governmental Authority required for the lawful conduct of its business (the "Permits"). All of the Permits are valid and subsisting and in full force and effect. There are no actions, claims or proceedings pending or to the best of the Borrower' s knowledge, threatened that seek the revocation, cancellation, suspension or modification of any of the Permits.

3.8. Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all tax returns which are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of such taxes, fees or other charges which are currently being contested in good faith by appropriate proceedings and with respect to which reserves, if any, in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); no federal tax Lien has been filed against the Borrower or any of its Subsidiaries.

3.9. Federal Regulations. No part of the proceeds of any Revolver Loan will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U or for any purpose which violates the provisions of Regulation U or any other Regulations of the Board of Governors of the Federal Reserve System. If requested by the Lender, the Borrower will furnish to the Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-l referred to in said Regulation U. In addition, and without limiting the foregoing, no part of the proceeds of the Revolver Loans hereunder will be used for any purpose which violates, or which is inconsistent with, the provisions of Regulations T, U and X.

3.10. ERISA.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the

Code, or an application for such a letter is currently being processed by the Internal Revenue Service. To the knowledge of the Borrower, nothing has occurred that would prevent, or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan. There has been no material prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan.

(c) (i) No ERISA Event has occurred and neither the Borrower nor any ERISA Affiliate is aware of any fact, event, or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) the Borrower and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher, and neither the Borrower nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iv) neither the Borrower nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) Neither the Borrower nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan other than on the Closing Date, those listed on Schedule 3.10 hereto.

(e) With respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities.

3.11. Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

3.12. Environmental Matters.

(a) The Properties do not contain, and, to the best knowledge of the Borrower and its Subsidiaries after reasonable inquiry, have not previously contained any Materials of Environmental Concern in amounts or concentrations that constitute a violation of, or reasonably could give rise to liability under, Environmental Laws.

(b) The Properties and all operations and facilities at the Properties are in compliance in all material respects, and have in the last five years been in compliance in all material respects, with all Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Borrower or any of its Subsidiaries which could reasonably be expected to interfere with the continued operation of any of the Properties or impair the fair saleable value of any thereof. None of the Borrower nor any of its Subsidiaries has assumed any liability of any Person under Environmental Laws.

(c) Neither the Borrower nor any of its Subsidiaries has received or is aware of any claim, notice of violation, alleged violation, non-compliance, investigation or advisory action or potential liability regarding environmental matters or compliance with Environmental Law with regard to the Properties which has not been satisfactorily resolved by the Borrower or such Subsidiary, nor is the Borrower or any of its Subsidiaries aware or have reason to believe that any such action is being contemplated, considered or threatened.

(d) Materials of Environmental Concern have not been generated, treated, stored, transported or disposed of at, on, from or under any of the Properties by the Borrower or any of its Subsidiaries, nor have any Materials of Environmental Concern been transferred by the Borrower or any of its Subsidiaries from the Properties to any other location except in either case in the ordinary course of business of the Borrower or any of its Subsidiaries thereof in compliance with all Environmental Laws and such that it could not reasonably be expected to give rise to material liability under any applicable Environmental Law.

(e) There are no governmental or administrative actions or judicial proceedings pending or, to the best knowledge of the Borrower and its Subsidiaries after reasonable inquiry, contemplated or threatened under any Environmental Laws to which the Borrower or any of its Subsidiaries is or will be named as a party with respect to the Properties, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any of the Properties.

(f) There has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operation of the Borrower or any of its Subsidiaries in connection with the Properties or otherwise in connection with the business operated by the Borrower or any of its Subsidiaries in violation of or in amounts or in a manner that could reasonably be expected to give rise to material liability under any Environmental Law.

3.13. No Material Misstatements. No financial statement, exhibit, schedule or other information furnished by or on behalf of the Borrower or any of its Subsidiaries to the Lender in connection with the negotiation of this Agreement, the Revolver Note or any other

Loan Document contains any misstatement of fact, or omitted or omits to state any fact necessary to make the statements therein not misleading under the circumstances under which they were made or given. All projections delivered from time to time to the Lender by or on behalf of the Borrower or any of its Subsidiaries have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time.

3.14. Title to Properties. Each of the Borrower and its Subsidiaries has good and marketable title to or valid leasehold interest in all material properties, assets and other rights which they purport to own or lease or which are reflected as owned or leased on their respective books and records, free and clear of all Liens and encumbrances except Permitted Liens, and subject to the terms and conditions of the applicable leases, except for minor defects in title that do not interfere in any material respect with their ability to conduct their businesses as presently conducted. All leases of property are in full force and effect without the necessity for any consent which has not previously been obtained unless the failure to be in effect or to obtain such consent could not reasonably be expected to have a Material Adverse Effect.

3.15. Intellectual Property. Each of the Borrower and its Subsidiaries owns, or is licensed to use, all Intellectual Property (as hereafter defined) necessary for the conduct of its business as currently conducted. No claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property, nor does the Borrower or any of its Subsidiaries know of any valid basis for any such claim. The conduct of the business of the Borrower and its Subsidiaries does not infringe the Intellectual Property rights of any Person. All issued patents, patent applications, and registrations or applications for registration of trademarks, copyrights and domain names owned or purported to be owned by the Borrower and its Subsidiaries (collectively, "Registered IP") are subsisting in good standing, in full force and effect, valid and enforceable. The Registered IP is owned of record in the name of the Borrower or Subsidiary, as applicable, is not subject to any Lien other than a Permitted Lien, and all fee payments, declarations, affidavits and other submissions required to maintain or renew any Registered IP have been timely made unless the failure to do so could reasonably be expected to have a Material Adverse Effect. There are no claims or proceedings pending, including before the United States Patent & Trademark Office or any comparable foreign Governmental Authority, challenging the scope, validity or enforceability of the Borrower' s or a Subsidiary' s ownership of any Registered IP, and to the knowledge of Borrower, there is no basis for any such claim or proceeding. As used in this Agreement, "Intellectual Property" means all rights arising anywhere in the world in connection with: (a) works of authorship, copyrights and copyrightable works, including any such rights arising in computer software (whether in source or object code format), and any registrations, applications for registration, extensions or renewals of the foregoing; (b) patents and patent applications, including any provisional applications, divisions, continuations, continuations in part, reissuances, reexaminations, patents of improvement, industrial design registrations, design patents, and any extensions to any of the foregoing; (c) trademarks, service marks, logos, slogans, tag lines, designs, trade dress, trade styles or other source indicators, including any registrations or applications for registration of any of the foregoing and any renewals thereof and all business goodwill appurtenant thereto; (d) trade secrets, inventions (whether or not patentable or reduced to practice) and confidential or proprietary information, including materials, techniques, processes, methods, models, algorithms, computer software and database rights; (e) domain name registrations; and (f) rights of publicity or personality.

3.16. List of Subsidiaries. All of the direct and indirect Subsidiaries of the Borrower as of the date hereof are listed on Schedule 3.16 to this Agreement and the respective number of shares of authorized Capital Stock and issued and outstanding Capital Stock of each such Subsidiary are as set forth on such schedule.

3.17. Solvency. The Borrower is, and after receipt and application of the initial Revolver Loans hereunder will be, solvent such that: (a) the fair value of its assets (including without limitation the fair salable value of the goodwill and other intangible property of the Borrower) is greater than the total amount of its liabilities, including without limitation, Guaranty Obligations, (b) the present fair salable value of its assets (including without limitation the fair salable value of the goodwill and other intangible property of the Borrower) is not less than the amount that will be required to pay the probable liability on its debts as they become absolute and matured, and (c) it is able to realize upon its assets and pay its debts and other liabilities and commitments (including Guaranty Obligations) as they mature in the normal course of business. The Borrower (a) does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature, and (b) is not engaged in a business or transaction, or about to engage in a business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice and industry in which it is engaged.

3.18. Insurance. All insurance policies and bonds maintained by the Borrower and its Subsidiaries or any replacements thereof provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure the assets and risks of the Borrower and its Subsidiaries in accordance with prudent business practice in the industry of the Borrower and its Subsidiaries.

3.19. Labor Matters.

(a) Set forth on Schedule 3.19 attached hereto is a list (including the dates of termination) of all collective bargaining or similar agreements between or applicable to the Borrower or any if its Subsidiaries and any union, labor organization or other bargaining agent in respect of the employees of the Borrower or any of its Subsidiaries.

(b) There is (i) no unfair labor practice complaint pending, or to the best of the Borrower' s knowledge, threatened against the Borrower or any of its Subsidiaries before the National Labor Relations Board and, no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is pending, or to the best of the Borrower' s knowledge, threatened against the Borrower or any of its Subsidiaries and (ii) no strike, labor dispute, slowdown or stoppage is pending, or to the best of the Borrower' s knowledge, threatened against the Borrower or any of its Subsidiaries.

3.20. Material Contracts. Schedule 3.20 sets forth a list of Material Contracts to which the Borrower or any of its Subsidiaries is a party or is otherwise bound as of the date hereof. The Borrower has delivered true, correct and complete copies of such Material Contracts to the Lender on or before the date hereof. Neither the Borrower nor any of its Subsidiaries is in breach or default in any material respect under any Material Contract and has not received any notice of the intention of any other party thereto to terminate any Material Contract.

3.21. Acquisition.

(a) The Purchase Agreement and the other documents related thereto and to be executed in connection therewith have been duly executed and delivered by the respective parties thereto. Upon the performance of the terms of all such documents, the satisfaction of all conditions precedent set forth therein (without waiver except as approved by the Lender), and after giving effect to the terms thereof, the Purchaser will have acquired good and marketable title to all of the issued and outstanding equity interests of the Target, free and clear of all claims, liens, pledges and encumbrances of any kind, except as permitted hereunder.

(b) All actions or proceedings required (if any) of the Borrower or any of its Subsidiaries (including the Purchaser) by the Purchase Agreement or any Requirement of Law will have been duly and validly taken prior to, or simultaneously with, the consummation of the Purchase Agreement and the transactions contemplated thereunder.

(c) No court of competent jurisdiction has issued any injunction, restraining order or other order which prohibits the consummation of the Acquisition and no governmental or other action or proceeding has been commenced or, to the Borrower' s knowledge, threatened, seeking an injunction, restraining order or other order which seeks to void or otherwise modify the Acquisition.

3.22. Anti-Terrorism Laws.

(a) General. Neither the Borrower nor any of its Subsidiaries or Affiliates is in violation of any Anti-Terrorism Statute nor has the Borrower engaged in or conspired to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Statute.

(b) Executive Order No. 13224. Neither the Borrower nor any of its Subsidiaries, Affiliates or agents acting or benefiting in any capacity in connection with the Revolver Loans made or the Letters of Credit issued hereunder or other transactions contemplated hereby, is any of the following (each a "Blocked Person"):

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224;

(iii) a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Statute;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224;

(v) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset

Control at its official website or any replacement website or other replacement official publication of such list, or

(vi) a Person who is an Affiliate of a Person listed above.

Neither the Borrower, nor to the knowledge the Borrower, any of its Subsidiaries, Affiliates or agents acting in any capacity in connection with the Revolver Loans made or the Letters of Credit issued hereunder or other transactions contemplated hereby (i) conducts any business with, or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224.

3.23. Survival of Warranties; Cumulative. All representations and warranties contained in this Agreement or any other Loan Document shall survive the execution and delivery of the Agreement and shall be conclusively presumed to have been relied on by the Lender regardless of any investigation made or information possessed by the Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations and warranties which the Borrower shall now or hereafter give, or cause to be given, to the Lender.

SECTION 4. CONDITIONS PRECEDENT

4.1. Conditions to Closing. This Agreement shall become effective upon the satisfaction of each of the following conditions precedent:

(a) Credit Agreement, Notes, Share Charge and Loan Documents. The Lender shall have received (i) this Agreement executed and delivered by a duly authorized officer of each party hereto, (ii) the Revolver Note conforming to the requirements hereof and executed by a duly authorized officer of the Borrower, (iii) the Share Charge executed and delivered by a duly authorized officer of each party thereto (iv) the Guaranty executed and delivered by a duly authorized officer of each party thereto and (v) any other Loan Document executed and delivered by a duly authorized officer of each party thereto.

(b) Corporate and other Documents. The Lender shall have received a certificate of the Secretary or Assistant Secretary of each Loan Party certifying (i) the resolutions of the board of directors (or other appropriate management committee) of such Person and, to the extent required under applicable Law or the organizational documents of such Person, the shareholders of such Person (or other appropriate governing body), in each case approving and adopting the Loan Documents to which it is a party, (ii) true and correct copies of the organizational and other constitutional documents of such Person certified where applicable by the appropriate Governmental Authority and (iii) the signatures and incumbency of the officers of such Person authorized to sign the Loan Documents to which it is a party, and such certificates and attachments thereto shall be in form and substance satisfactory to the Lender.

(c) Fees and Expenses. The Lender shall have received all fees and expenses which are due and payable hereunder on or before the Closing Date, including, without limitation, the reasonable fees and expenses accrued through the Closing Date of Dechert LLP, counsel to the Lender in connection with the transactions contemplated by the Loan Documents.

(d) Legal Opinion. The Lender shall have received favorable written legal opinions of counsel to the Loan Parties, dated the Closing Date and addressed to the Lender in form and substance satisfactory to the Lender and its counsel.

(e) Certificates of Formation; Good Standing. The Lender shall have received, to the extent applicable, certificates of good standing, subsistence and/or status or the like dated a recent date from the appropriate Governmental Authority in the state of formation of each Loan Party.

(f) No Material Adverse Effect; Closing Certificate. No event or circumstance shall have occurred since the date of the most recent audited financial statements delivered to the Lender that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect. The Lender shall have received a certificate from the Borrower, dated as of the Closing Date, and executed by a Responsible Officer of the Borrower stating that, as of the Closing Date and after giving effect to the initial Revolver Loans made and Letters of Credit issued on such date (i) all of the representations and warranties made by the Loan Parties herein and in the other Loan Documents are true and correct in all material respects (or, in the case of any representation or warranty that is qualified by materiality or Material Adverse Effect, in all respects) on and as of such date (except that any such representation and warranty that is expressly given as of a particular date or period and relates solely to such date or period is true and correct in all material respects as of such date or period), (ii) no Default or Event of Default exists and (iii) no Material Adverse Effect has occurred since December 31, 2009.

(g) Governmental and Third Party Approvals. The Lender shall have received a certificate of a Responsible Officer of the Borrower either (i) attaching any necessary consents, approvals and authorizations required for the consummation of the transactions contemplated hereby and such consents, approvals and authorizations shall be in full force and effect or (ii) stating that no such consents, approvals or authorizations are so required.

(h) Insurance. The Lender shall have received copies of insurance policies or certificates and endorsements of insurance evidencing liability and casualty insurance (including, but not limited to, business interruption insurance) meeting the requirements set forth herein, together with, unless otherwise agreed by the Lender, endorsements naming the Lender as an additional insured or loss payee under all insurance policies to be maintained with respect to the properties of the Borrower and each of its Subsidiaries, in each case, in form and substance satisfactory to the Lender.

(i) Senior Leverage Ratio. The Lender shall have received satisfactory evidence that, after giving pro forma effect (including adjustments acceptable to the Lender) to the initial Extensions of Credit, the Senior Leverage Ratio as of the Closing Date shall be no more than that 1.50 to 1.0.

(j) Acquisition. The Lender shall have received copies of the Purchase Agreement and all certificates, opinions and other documents delivered thereunder, each in form and substance satisfactory to the Lender and certified by a Responsible Officer of the Borrower as being complete and correct.

(k) Lien Searches. The Lender shall have received and reviewed lien and judgment search results for the jurisdiction of organization of each Loan Party, the jurisdiction of any registered office or principal place of business of each Loan Party and all jurisdictions in which any real property owned by any Loan Party is located, which search results shall be in form and substance satisfactory to the Lender.

(l) Due Diligence. The Lender shall have completed its due diligence review, the results of which shall be satisfactory to the Lender.

(m) Financial Information. The Lender shall have received all financial information, projections, budgets, business plans, cash flows and such other information as the Lender shall have reasonably requested, in each case in form and substance satisfactory to the Lender.

(n) Litigation. There shall exist no litigation, investigation or proceeding affecting the Borrower or any of its Subsidiaries pending or threatened before any arbitrator or Governmental Authority that (a) could be reasonably expected to have a Material Adverse Effect or (b) purports to affect this Agreement, the Notes, the other Loan Documents or any of the transactions contemplated hereby.

(o) Availability. The Lender shall have received satisfactory evidence that, after giving pro forma effect to the initial Extensions of Credit and the payment by the Borrower of all fees and expenses due and payable on or before the Closing Date, Availability shall be at least $10,000,000.

(p) Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Loan Documents shall be satisfactory in form and substance to the Lender, and the Lender shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

4.2. Conditions to Each Extension of Credit. The agreement of the Lender to make any Extension of Credit requested to be made by it on any date (including, without limitation, its initial Extension of Credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Loan Parties herein or which are contained in any certificate, document or financial or other statement furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of such date as if made on and as of such date, except to the extent that such representation and warranty is given as of a particular date or period, in which case such representation and warranty shall remain true and correct in all material respects as of such date or period.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Extensions of Credit requested to be made on such date.

(c) No Contravention of Law. The making of the Revolver Loans or the issuance of the Letter of Credit shall not contravene any Requirement of Law.

(d) No Material Adverse Effect. At the time of making such Revolver Loan or issuing such Letter of Credit, no Material Adverse Effect shall have occurred and be continuing.

Each request by the Borrower for an Extension of Credit hereunder shall constitute a representation and warranty by the Borrower as of the date of such Extension of Credit that the conditions contained in this Section 4.2 have been satisfied.

SECTION 5. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitment remains in effect or any Obligations remain outstanding, the Borrower shall, and shall cause each of its Subsidiaries to:

5.1. Financial Statements. Furnish to the Lender:

(a) as soon as available, but in any event not later than 90 days after the close of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its consolidated Subsidiaries, including therein a consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year, and related consolidated statements of income and retained earnings and changes in cash flows of the Borrower and its consolidated Subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with GAAP applied consistently throughout the periods reflected therein with such changes thereon as shall be approved by the Borrower' s independent certified public accountants, such financial statements to be certified by KPMG LLP or other reputable independent certified public accountants selected by the Borrower and acceptable to the Lender, without a "going concern" or like qualification or exception or qualification arising out of the scope of the audit;

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three fiscal quarters of the Borrower, unaudited consolidated financial statements of the Borrower and its consolidated Subsidiaries, including therein (i) a consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal quarter, (ii) the related consolidated statements of income and retained earnings of the Borrower and its consolidated Subsidiaries, and (iii) the related consolidated statement of changes in cash flows of the Borrower and its consolidated Subsidiaries all for the period from the beginning of such fiscal quarter to the end of such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the corresponding figures for the like period of the preceding fiscal year; all in reasonable detail, prepared in accordance with GAAP applied consistently throughout the periods reflected therein and accompanied by a certificate of a Responsible Officer of the Borrower stating that the financial statements fairly present the financial condition of the Borrower and its consolidated Subsidiaries as of the date and for the periods covered thereby (subject to normal year-end audit adjustments); and

(c) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any of its Subsidiaries with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of the Securities and Exchange Commission, or with any U.S. or foreign securities exchange, or distributed to its shareholders, as the case may be.

(d) The Lender is authorized to show or deliver a copy of any financial statement or any other information relating to the business, operations or financial condition of the Borrower and its Subsidiaries which may be furnished to the Lender or come to its attention pursuant to this Agreement or otherwise, to any regulatory body or agency having jurisdiction over the Lender and to any other Person which is a present or potential participant with the Lender in the Revolver Loans and other Extensions of Credit hereunder and under the other Loan Documents, provided such financial institution agrees to keep such information confidential.

5.2. Certificates; Other Information. Furnish to the Lender:

(a) concurrently with the delivery of the financial statements referred to in subsection 5.1(a), a certificate of the Borrower' s independent certified public accountants reporting on such financial statements stating that in making the examination necessary for certifying such financial statements no knowledge was obtained of any Default or Event of Default, except as specifically indicated;

(b) concurrently with the delivery of the financial statements referred to in subsections 5.1(a) and 5.1(b), a certificate of a Responsible Officer of the Borrower (each a "Compliance Certificate") showing in detail the calculations demonstrating compliance with the financial covenants set forth in Section 6.1, together with a certificate of a Responsible Officer of the Borrower stating that each of the Borrower and its Subsidiaries during such period has kept, observed, performed and fulfilled each and every covenant and condition contained in this Agreement, the Revolver Note and the other Loan Documents to which it is a party and that such officer has obtained no knowledge of any Default or Event of Default except as specifically indicated; if the Compliance Certificate shall indicate that such officer has obtained knowledge of a Default or Event of Default, such Compliance Certificate shall state what efforts the Borrower is making to cure such Default or Event of Default;

(c) concurrently with the delivery of the annual or quarterly financial statements referred to in subsections 5.1(a) and 5.1(b), sufficient financial information to permit the Lender to calculate Adjusted EBITDA and Modified EBITDA, including with respect to any Person who has (or whose assets have) been acquired in a Permitted Acquisition and who is (or whose assets have been) owned for less than four (4) full fiscal quarters, calculations on a quarterly basis of the EBITDA attributable to such Person (or such assets) for the applicable period prior to such acquisition;

(d) promptly upon their becoming available to the Borrower, any reports, including management letters, submitted to the Borrower by its independent accountants in connection with any annual, interim or special audit; and

(e) promptly following the execution thereof, a copy of any letter of intent executed by the Borrower or any of its Subsidiaries in respect of a proposed acquisition for which the proposed aggregate consideration paid (including payments under any non-compete arrangements and assumption of debt) is $5,000,000 or more;

(f) promptly, such additional financial and other information as the Lender may from time to time reasonably request.

5.3. Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all obligations of whatever nature (including but not limited to all taxes, assessments and governmental charges and levies upon them or upon any of their respective income, profits or property prior to the date on which penalties attach thereto), except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be.

5.4. Maintenance of Existence. Except as otherwise permitted in Section 6.4, preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary in the normal conduct of its business.

5.5. Compliance with Law. Comply with all Requirements of Law, including ERISA (and analogous foreign legislation), Environmental Laws, FLSA, OSHA, Anti-Terrorism Statutes, and laws regarding collection and payment of Taxes, and maintain all Permits necessary to the ownership of the Properties or the conduct of its business, unless such failure to so comply (other than failure to comply with Anti-Terrorism Statutes) or to so maintain could not reasonably be expected to have a Material Adverse Effect.

5.6. Maintenance of Insurance; Property.

(a) Maintain insurance with insurers reasonably satisfactory to the Lender, including (a) liability insurance of such type (including general liability, product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated and all such liability policies (not including business interruption) shall, as evidenced by a certificate of insurance and endorsement satisfactory to the Lender, require at least 30 days prior written notice to the Lender in the event of cancellation of the policy for any reason whatsoever by the insurer; and (b) business interruption insurance in an amount satisfactory to the Lender, with such coverage and deductibles as are customary for companies similarly situated and all such business interruption policies shall, as evidenced by a certificate of insurance and/or endorsement satisfactory to the Lender, name the Lender and it successors and assigns as assignee thereof and require at least 30 days prior written notice to the Lender in the event of cancellation of the policy for any reason whatsoever.

(b) Maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those Properties useful or necessary to its business, and, from time to

time, each of the Borrower and its Subsidiaries will make or cause to be made all appropriate repairs, renewals or replacements thereof.

5.7. Inspection of Property; Books and Records; Discussions. Keep accurate and proper books and records and account in conformity with GAAP and all Requirements of Law; and upon reasonable notice permit representatives of the Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records during normal business hours and as often as may reasonably be desired to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with their independent certified public accountants.

5.8. Notices. Promptly give notice to the Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Material Contract of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) an event which has had or could reasonably be expected to have a Material Adverse Effect;

(d) the discharge of or any withdrawal or resignation by the Borrower' s or any of its Subsidiary' s independent public accountants;

(e) any pending or threatened labor dispute, strike or walkout or the expiration of any material labor contract; and

(f) any ERISA Event.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower and its Subsidiaries propose to take with respect thereto.

5.9. Environmental Laws.

(a) Comply with, and require compliance by all tenants and all subtenants, if any, with, all Environmental Laws and obtain and comply with and maintain, and require that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, registrations or permits required by Environmental Laws, except in each case to the extent that failure to so comply or obtain or maintain such documents could not reasonably be expected to have a Material Adverse Effect;

(b) Comply with all lawful and binding orders and directives of all Governmental Authorities respecting Environmental Laws, except to the extent the failure to so comply could not reasonably be expected to have a Material Adverse Effect; and

(c) Defend, indemnify and hold harmless each of the Lender, and its employees, agents, officers, directors, successors and assigns from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to any violation of or noncompliance with or liability under any Environmental Laws, or any orders, requirements or demands of Governmental Authorities related thereto which in each case relate to or arise in connection with the Borrower or any of its Subsidiaries, any Property or any activities relating to any other property or business of the Borrower or its Subsidiaries or the enforcement of any rights provided herein or in the other Loan Documents, including, without limitation, attorneys' and consultants' fees, response costs, investigation and laboratory fees, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of any of the foregoing enumerated parties as finally determined by a court of competent jurisdiction. This indemnity shall continue in full force and effect regardless of the termination of this Agreement and the payment of the Revolver Note.

5.10. New Subsidiaries. Immediately notify the Lender upon any Person becoming a direct or indirect Subsidiary of the Borrower and, if such Person is a Domestic Subsidiary, cause such Domestic Subsidiary to (a) guaranty the Obligations in a manner satisfactory to the Lender and (b) execute and deliver such documents, instruments and agreements and to take such other actions as the Lender shall reasonably require for such Domestic Subsidiary to become a party to the Guaranty and any other applicable Loan Documents.

5.11. Use of Proceeds. Use the initial proceeds of the Revolving Loans only for (a) the consummation of the Acquisition and (b) payment of costs, fees and expenses incurred in connection with (i) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and (ii) the consummation of the transactions contemplated by the Purchase Agreement. All other Extensions of Credit provided by the Lender to or for the benefit of the Borrower pursuant to the provisions hereof shall be used by the Borrower only for general operating, working capital and other proper corporate purposes of the Borrower not otherwise prohibited by the terms hereof.

5.12. Anti-Terrorism Laws. The Borrower and its Subsidiaries, Affiliates and agents shall not (a) conduct any business or engage in any transaction or dealing with any Blocked Person, including the making of or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person; (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or the USA Patriot Act. The Borrower shall deliver to the Lender any certification or other evidence reasonably requested from time to time by the Lender, confirming the Borrower' s compliance with this Section 5.12.

5.13. [Reserved]

5.14. Intellectual Property. Borrower (and as applicable, its Subsidiaries) shall prosecute, maintain and renew all Registered IP, including through the timely filing of such declarations, affidavits and other documents necessary to, and the making of any payments required for, the maintenance, renewal or extension of the Registered IP. Borrower (and, as applicable, its Subsidiaries) shall defend and assert the Registered IP in connection with any claims by or against Borrower, its Subsidiaries or any third party, alleging (a) the infringement by third parties of the Registered IP (or any material unregistered Intellectual Property owned or purported to be owned by the Borrower or its Subsidiaries), or (b) the invalidity or unenforceability of the Registered IP (or any material unregistered Intellectual Property owned or purported to be owned by the Borrower or its Subsidiaries). Notwithstanding the foregoing, the Borrower and its Subsidiaries will have no obligation to maintain, renew, defend or assert any Registered IP where Borrower (or the applicable Subsidiary) has in the exercise of its business judgment, determined that such Registered IP is no longer necessary or has no material value to Borrower, its Subsidiaries or the conduct of their respective businesses.

5.15. Acquisition. The Borrower and its Subsidiaries shall consummate the Acquisition in accordance with the Purchase Agreement and the other documents related thereto and any Requirement of Law without giving effect to any amendment, modification or waiver of any material term or condition of the Purchase Agreement or any other document related thereto not approved by the Lender no later than the second Business Day following the Closing Date.

5.16. Termination of Wachovia Loan Documents. The Borrower and its Subsidiaries shall terminate each of the Wachovia Loan Documents and satisfy all outstanding obligations thereunder no later than the fifth Business Day following the Closing Date.

SECTION 6. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitment remains in effect or any Obligations remain outstanding, the Borrower shall not and shall not permit any of its Subsidiaries to, directly or indirectly:

6.1. Financial Condition Covenants.

(a) Senior Leverage Ratio. As of the last day of any fiscal quarter of the Borrower, permit the Senior Leverage Ratio to be greater than 2.0 to 1.0.

(b) Debt Service Coverage Ratio. Permit the Debt Service Coverage Ratio as of the end of any fiscal quarter to be less than 1.5 to 1.0.

6.2. Limitation on Indebtedness. At any time incur, create, assume, or suffer to exist any Indebtedness except:

(a) the Obligations;

(b) Capital Lease Obligations and purchase money Indebtedness on equipment purchased in the ordinary course of business not exceeding an aggregate principal amount at any time outstanding of $2,500,000;

(c) Guaranty Obligations incurred by the Borrower or any of its Subsidiaries in respect of Indebtedness of the Borrower or any of its Subsidiaries that is otherwise permitted by this Section 6.2;

(d) Renewals, extensions, refinancings and refundings of Indebtedness permitted by clause (b), (c) or (e) (other than any Indebtedness outstanding under the Wachovia Loan Documents) of this Section 6.2 or this clause (d), provided, however, that (i) any such renewal, extension, refinancing, or refunding is in an aggregate principal amount not greater than the principal amount of, and is on terms no less favorable to the Borrower or any of its Subsidiaries obligated thereunder, including as to weighted average maturity and final maturity, than the Indebtedness being renewed, extended, refinanced, or refunded and (ii) any such renewal, extension, refinancing or refunding is not secured by any property or any Lien other than those securing such Indebtedness being renewed, extended, refinanced or refunded;

(e) Indebtedness existing as of the date hereof and disclosed in Schedule 6.2(e) attached hereto;

(f) Indebtedness arising under any performance or surety bond entered into in the ordinary course of business;

(g) Indebtedness arising from honoring by a bank or other financial institution of a check or draft or similar instrument against insufficient funds, provided that such Indebtedness is outstanding for no more than two (2) Business Days;

(h) Indebtedness (other than Indebtedness for borrowed money) owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to the Borrower or any of its Subsidiaries pursuant to reimbursement or indemnification obligations to such Person;

(i) Indebtedness of the Borrower or any Subsidiary of the Borrower permitted by clause (l) of the definition of Permitted Investments; and

(j) other unsecured Indebtedness, including any Subordinated Debt, in an aggregate amount outstanding not to exceed $750,000.

6.3. Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for (the following, collectively, "Permitted Liens"):

(a) Liens in favor of the Lender at any time securing the Obligations;

(b) Liens for taxes, assessments or charges not yet due and payable and subject to interest or penalty or which are being contested in good faith by appropriate proceedings, provided that the Borrower and its Subsidiaries maintain such reserves or other

appropriate provisions as shall be required by GAAP and pay all such taxes, assessments or charges forthwith upon the commencement of proceedings to foreclose any such Lien;

(c) Liens of landlords arising by statute and Liens of mechanics, materialmen, warehousemen, carriers, or other statutory nonconsensual Liens in the ordinary course of business not yet due and payable or which are being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained by the Borrower and its Subsidiaries in accordance with GAAP;

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

(e) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business of the Borrower and its Subsidiaries;

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries;

(g) Liens which were in existence on the date hereof and shown on Schedule 6.3(g) and extensions or replacements thereof;

(h) any Lien securing the renewal, extension, refinancing or refunding of any Indebtedness secured by a Lien permitted by clause (g) or (i) of this Section 6.3 or this clause (h) without any change in the assets subject to such Lien and to the extent such renewal, extension, refinancing or refunding is permitted by Section 6.2(d); and

(i) Liens incurred in connection with Capital Leases and purchase money Indebtedness as and to the extent permitted under this Agreement.

6.4. Limitations on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets except:

(a) any Subsidiary may merge with or into the Borrower or a Guarantor so long as the Borrower or such Guarantor is the surviving entity;

(b) any Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or a Guarantor;

(c) any Guarantor may merge with or into any other Guarantor;

(d) any Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to any other Guarantor; and

(e) any Foreign Subsidiary (other than ERT UK1) may merge with or into any other Foreign Subsidiary (other than ERT UK1),

provided that, immediately after each such transaction and after giving effect thereto, the Borrower is in compliance with this Agreement and no Default or Event of Default shall be in existence or result from such transaction.

6.5. Limitations on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its tangible or intangible property, business or assets (including, without limitation, accounts receivables and leasehold interests), whether now owned or hereafter acquired, except:

(a) obsolete or worn out property disposed of in the ordinary course of business of the Borrower and its Subsidiaries;

(b) the sale or lease of inventory in the ordinary course of business of the Borrower and its Subsidiaries;

(c) the sale of assets during any fiscal year in an aggregate amount not to exceed $2,500,000;

(d) the sale or transfer of any assets of the Borrower in connection with the creation, formation and ongoing operations of the Services Subsidiary; and

(e) as permitted by Section 6.4.

6.6. Limitations on Investments. At any time make any Investments other than Permitted Investments.

6.7. Limitation on Distributions. Declare or make any Distributions, except (a) Upstream Payments, and (b) the repurchase of Capital Stock of the Borrower in an aggregate amount of all payments for such repurchases in any calendar year not to exceed $2,500,000, provided that at the time of any such repurchase, no Default or Event of Default has occurred and is continuing or would result from such repurchase, (c) amounts paid by the Borrower to ERT UK1 in an aggregate amount not to exceed $3,000,000 on an annual basis, in each case for the sole purpose of payment by ERT UK1 of Indebtedness permitted by Section 6.2(i) (including any conditions to such Indebtedness set forth in clause (l) of the definition of Permitted Investments) and (d) any initial contribution of capital made by the Borrower to the Services Subsidiary; or create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary to make any Upstream Payment, except for restrictions under the Loan Documents and/or under Requirements of Law.

6.8. Transactions with Affiliates. Directly or indirectly enter into any transaction or arrangement whatsoever or make any payment to any Affiliate other than a Loan Party, except, (a) in connection with or related to the Services Subsidiary Contract, (b) in the ordinary course of and pursuant to the reasonable requirements of the Loan Parties' businesses and upon fair and reasonable terms no less favorable to the Loan Parties than would be obtained

in a comparable arm' s length transaction with a Person not an Affiliate, and (c) as otherwise expressly permitted in this Agreement.

6.9. Sale and Leaseback. Enter into any arrangement with any Person providing for the leasing by the Borrower or any of its Subsidiaries of real or personal property which has been or is to be sold or transferred by the Borrower or any of its Subsidiaries to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Subsidiary.

6.10. Continuation of or Change in Business. Engage in any business either directly or through any Subsidiary except for businesses in which the Borrower or any of its Subsidiaries is engaged in on the date of this Agreement and any business activities reasonably related to such existing businesses.

6.11. Restrictive Agreements. Become a party to any Restrictive Agreement, or create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary to make any Distribution, except for (a) restrictions under the Loan Documents and/or under any Requirement of Law, (b) any restriction in any agreement for Indebtedness permitted under Section 6.2(b) insofar as any such restriction relates to granting Liens on assets securing such Indebtedness, provided that such restrictions apply only to the assets subject to such Indebtedness or (c) customary restrictions on assignment in leases and other contracts.

6.12. Payment of and Amendment to Certain Indebtedness. (a) Make any payments (whether voluntary or mandatory, or a prepayment, redemption, retirement, defeasance or acquisition) with respect to any Indebtedness other than:

(i) the Obligations;

(ii) with respect to any Subordinated Debt permitted hereunder, regularly scheduled payments of principal and interest, but only to the extent permitted under any subordination agreement relating to such Subordinated Debt; and

(iii) any other Indebtedness permitted pursuant to Section 6.2, in each case, on but not prior to the due date therefor (or for such portion or installment thereof then due) under the agreement evidencing such Indebtedness.

(b) Amend, supplement or otherwise modify any document, instrument or agreement relating to any Subordinated Debt, if such modification (i) increases the principal balance of such Subordinated Debt, or increases any required payment of principal or interest; (ii) accelerates the date on which any installment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (iii) shortens the final maturity date, the weighted average life to maturity or otherwise accelerates or increases amortization; (iv) increases the interest rate (other than by the imposition of a contractual default rate); (v) increases or adds any fees or charges; (vi) modifies any covenant in a manner or adds any representation, covenant or default that is more onerous or restrictive in any material respect for the Borrower or any of its Subsidiaries, or that is otherwise adverse to the Borrower or any of its Subsidiaries or (vi) results in the Obligations not being fully benefited by the subordination provisions thereof.

6.13. Changes in Organizational Documents. Amend in any respect its charter, certificate of incorporation, articles of incorporation, bylaws, certificate of formation, articles of organization, limited liability company agreement, partnership agreement, certificate of partnership, shareholders agreement, voting trust agreement or similar documents governing the formation or operation of the Borrower or any of its Subsidiaries, in each case in any manner adverse to the interests of the Lender.

6.14. Use of Proceeds. Directly or indirectly apply any part of the proceeds of the Revolver Loans to the purchasing or carrying of any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or any regulations, interpretations or rulings thereunder.

6.15. Fiscal Year. Permit the fiscal year of the Borrower to end on a day other than December 31.

6.16. Subsidiaries. (a) Own, form or acquire any Subsidiary unless (i) it is a Wholly-Owned Subsidiary, (ii) in the case of an acquisition, the acquisition of such Subsidiary is a Permitted Acquisition and (iii) the Borrower and its Subsidiaries shall have complied with Section 5.10 with respect to all newly formed or acquired Domestic Subsidiaries; or

(b) permit any existing Subsidiary to issue any additional Capital Stock other than (i) director' s qualifying shares and (ii) Capital Stock (other than Disqualified Capital Stock) issued to the existing owners of such Capital Stock.

6.17. No Misrepresentations or Material Nondisclosure. Furnish the Lender any certificate or other document that contains any untrue statement of a material fact or that omits to state a material fact necessary in order to make it not misleading in light of the circumstances under which it was furnished.

SECTION 7. EVENTS OF DEFAULT

7.1. Events of Default. If any of the following events shall occur and be continuing:

(a) The Borrower (i) shall fail to pay any principal or any Reimbursement Obligation due and owing hereunder or under any other Loan Document as and when due, or (ii) shall fail to pay any other amount payable hereunder or under any other Loan Document (including without limitation any fees) within three (3) Business Days after the due date therefor; or

(b) Any representation or warranty made or deemed made by a Borrower or any of its Subsidiaries herein or in any other Loan Document or which is contained in any certificate or financial statement furnished at any time under or in connection with this Agreement or any other Loan Document shall prove to have been incorrect or misleading on or as of the date made or deemed made; or

(c) The Borrower or any of its Subsidiaries shall default in the observance or performance of any agreement contained in Sections 5.1, 5.4 (with respect to the Borrower only), 5.8(a) or Section 6 of this Agreement; or

(d) The Borrower or any of its Subsidiaries shall default in the observance or performance of any other agreement contained in this Agreement (other than as provided in subsections (a) through (c) above) or any other Loan Document, and such default shall continue unremedied (if it is capable of being remedied in such period) for a period of five (5) Business Days; or

(e) The Borrower or any of its Subsidiaries shall (i) default in the payment of any amount payable on any Indebtedness (other than the Obligations) or in the payment of any Guaranty Obligation, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness or Guaranty Obligation was created and the aggregate amount of such Indebtedness and/or Guaranty Obligations in respect of which such default or defaults shall have occurred is at least $1,000,000; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guaranty Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, in each case, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guaranty Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due and payable prior to its stated maturity or such Guaranty Obligation to become immediately payable; or

(f) (i) The Borrower or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, satisfied, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they generally become due; or (vi) the Borrower or any of its Subsidiaries makes an assignment for the benefit of its creditors or a composition with its creditors; or

(g) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) of $750,000 or more and all such judgments or decrees shall not have been vacated, discharged, settled, satisfied or paid, or stayed or bonded pending appeal, within 30 days from the entry thereof; or

(h) Any Change of Control shall occur; or

(i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of the Borrower to a Pension Plan, Multiemployer Plan or PBGC, or that constitutes grounds for appointment of a trustee for or termination by the PBGC of any Pension Plan or Multiemployer Plan; the Borrower or ERISA Affiliate fails to pay when due any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan; or

(j) Any Loan Document shall cease to be a legal, valid and binding agreement enforceable against the Borrower or any of its Subsidiaries in accordance with the terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative or shall in any way be challenged and thereby deprive or deny the Lender of the intended benefits thereof or the Lender shall thereby cease substantially to have the rights, titles, interests, remedies, powers or privileges intended to be created thereby; or

(k) There shall occur any event, development or condition that has or could reasonably be expected to have a Material Adverse Effect; or

(l) Any Guarantor revokes or terminates or purports to revoke or terminate any guaranty of such party in favor of the Lender; or

(m) The Borrower or any of its Subsidiaries shall be criminally indicted or convicted under any Requirement of Law that could lead to a forfeiture of any property of the Borrower or any of its Subsidiaries.

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above, automatically the Commitment (including the obligations of the Lender to thereafter issue Letters of Credit) shall immediately terminate, and the Revolver Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement, the Revolver Note and the other Loan Documents shall automatically and immediately become due and payable (including, without limitation, all Letter of Credit Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder), and (B) if such event is any other Event of Default, the Lender may, (i) by notice to the Borrower declare the Commitment to be terminated forthwith, whereupon the Commitment and the obligations of the Lender to make Revolver Loans and to issue Letters of Credit shall immediately terminate; (ii) by notice of default to the

Borrower, declare the Revolver Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement, the Revolver Note and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable (including, without limitation, all Letter of Credit Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder); and/or (iii) by notice to the Borrower require the Borrower to, and the Borrower shall thereupon, deposit in a non-interest bearing account with the Lender, as cash collateral for its obligations under this Agreement, the Revolver Note and the Applications, an amount equal to the Letter of Credit Coverage Requirement, and the Borrower hereby pledges to the Lender, and grants to the Lender a security interest in, all such cash as security for such obligations. Amounts held in such cash collateral account shall be applied by the Lender to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the Obligations of the Borrower hereunder; provided, that, the Lender may at any time apply any funds in such cash collateral account to any such Obligations other than those in respect of Letters of Credit. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other Obligations of the Borrower hereunder shall have been paid in full, the balance, if any, in such cash collateral account shall be promptly returned to the Borrower. The Borrower shall execute and deliver to the Lender, such further documents and instruments as the Lender may request to evidence the creation and perfection of the within security interest in such cash collateral account. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived. In addition to all of the rights and remedies contained in this Agreement or in any of the other Loan Documents, the Lender shall have all of the rights and remedies under applicable Law, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by Law. The Lender may exercise all post-default rights granted to it under the Loan Documents and applicable Law.

SECTION 8. MISCELLANEOUS

8.1. Amendments and Waivers. Neither this Agreement, the Revolver Note, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section. The Lender and the Borrower may, from time to time, enter into amendments (including letter agreements), supplements or modifications hereto and to the Revolver Note and the other Loan Documents for the purpose of adding provisions to this Agreement, the Revolver Note or any other Loan Document or changing in any manner the rights of the Lender or of the Borrowers hereunder or thereunder or waiving, on such terms and conditions as the Lender may specify in such instrument, any of the requirements of this Agreement, the Revolver Note or any other Loan Document or any Default or Event of Default and its consequences. Any such waiver and any such amendment, supplement or modification shall be in writing and be binding upon the Borrower, the Lender and all future holders of the Revolver Note. In the case of any waiver, the Borrower and the Lender shall be restored to their former position and rights hereunder and under the Revolver Note, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

8.2. Notices; Lending Offices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of facsimile transmission notice, when sent during normal business hours with electronic confirmation or otherwise when received, addressed as follows in the case of the Borrower and the Lender or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Revolver Note:

The Borrower:	eResearchTechnology, Inc. 1818 Market Street, Suite 1000 Philadelphia, PA 19103 Attention: Keith D. Schneck, Chief Financial Officer Facsimile: 215-972-0414
with a copy to:	Duane Morris LLP 30 S. 17th Street Philadelphia. PA 19103 Attention: Thomas G. Spencer Facsimile: 215-689-4405
The Lender:	Citizens Bank of Pennsylvania 3025 Chemical Road, Suite 300 Plymouth Meeting, PA 19462 Attention: Dale R. Carr Facsimile: 610-941-4185

provided that (a) any notice, request or demand to or upon the Lender pursuant to Sections 2.3, 2.4, 2.6, 2.11 and 2.12 shall not be effective until received and (b) any notice of a Default or Event of Default hereunder shall be delivered by hand or sent by nationally recognized overnight courier.

8.3. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

8.4. Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the Revolver Note and the other Loan Documents.

8.5. Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Lender for all of its costs and expenses incurred in connection with the development, preparation and execution of this Agreement, the Revolver Note, the other Loan

Documents and any other documents executed and delivered in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Lender, (b) to pay or reimburse the Lender for all its costs and expenses incurred in connection with any amendment, supplement or modification to (or proposed amendment, supplement or modification to) this Agreement, the Revolver Note and the other Loan Documents and any other documents executed and delivered in connection therewith, and the administration of this Agreement, the other Loan Documents and the revolving credit facility provided herein, including without limitation, the reasonable fees and disbursements of counsel, (c) to pay or reimburse the Lender for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Revolver Note, the other Loan Documents and any such other documents (including all such expenses incurred during any actual or attempted workout, restructuring or negotiations in respect of the Revolver Loans, Letters of Credit or other Obligations), including, without limitation, reasonable fees and disbursements of counsel to the Lender, (d) to pay, indemnify, and hold the Lender harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Revolver Note, the other Loan Documents and any such other documents, and (e) to pay, indemnify, and hold the Lender and its Affiliates and their respective partners, officers, employees, directors, trustees, agents and advisors (the "Indemnitees") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions (whether sounding in contract, in tort or on any other ground), judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of or in any other way arising out of or relating to, this Agreement, the Revolver Note, the other Loan Documents or any such other documents contemplated by or referred to herein or therein or any action taken by any Indemnitee with respect to the foregoing including, without limitation, any of the foregoing relating to the use of proceeds of the Revolver Loans or the violation of, noncompliance with or liability under, any Environmental Laws applicable to the operations of the Borrower or its Subsidiaries (all the foregoing, collectively, the "indemnified liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to indemnified liabilities arising from the gross negligence or willful misconduct of such Indemnitee as finally determined by a court of competent jurisdiction. The agreements in this Section shall survive repayment of the Revolver Note and all other amounts payable hereunder.

8.6. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower or the Lender that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. The Borrower may not assign or transfer any of its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of the Lender. The Lender may assign its rights and delegate its obligations under this Agreement and the other Loan Documents and further assign, or sell participations in, all or any part of the Revolver Loans, the Letters of Credit or any other interest herein to another financial institution or other Person on terms and conditions acceptable to the Lender, provided, that, any

such assignment of (but not participation in) the Revolver Loans, Letters of Credit or any interest therein shall be to an Eligible Transferee.

8.7. Disclosure of Information. Unless otherwise consented to by the Borrower in writing, the Lender agrees to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices, any non-public information supplied to it by the Borrower or any of its Subsidiaries pursuant to this Agreement or any other Loan Document; provided that nothing herein shall prevent the Lender from disclosing any such information (a) to its employees, directors, agents, attorneys, accountants and other professional advisors, (b) upon the request or demand of any Governmental Authority or any other examiner having jurisdiction or authority over the Lender, (c) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (d) which has been publicly disclosed other than in breach of this Agreement, including judicial process, (e) in connection with the exercise of any remedy hereunder or under the Revolver Note or (f) pursuant to Section 5.1(d).

8.8. Set-off. In addition to any rights and remedies of the Lender provided by law, upon the occurrence and during the continuance of an Event of Default, the Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder or under the Revolver Note (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Lender to or for the credit or the account of the Borrower. The Lender agrees promptly to notify the Borrower after any such set-off and application made by the Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

8.9. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Lender.

8.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.11. Integration. This Agreement and the other Loan Documents represent the agreement of the parties hereto with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Lender relative to the subject matter hereof or thereof not expressly set forth or referred to herein or in the other Loan Documents.

8.12. **GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THE SHARE CHARGE) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THE SHARE CHARGE) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

8.13. Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement or the Revolver Note, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the Commonwealth of Pennsylvania, the courts of the United States of America for the Eastern District of Pennsylvania, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 8.2 or at such other address of which the Lender shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

8.14. Acknowledgments. The Borrowers hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement, the Revolver Note and the other Loan Documents; and

(b) the Lender has no fiduciary relationship to the Borrower and the relationship hereunder between the Lender and the Borrower is solely that of debtor and creditor.

8.15. No Right of Contribution. Upon the occurrence and during the continuation of an Event of Default hereunder, the Borrower shall not seek or be entitled to any reimbursement from any other Loan Party, or be subrogated to any rights of the Lender against the Borrower or any other Loan Party, in respect of any payments made pursuant to the Loan

Documents, until all amounts owing to the Lender hereunder and under the Revolver Note are paid in full.

8.16. **WAIVERS OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE REVOLVER NOTE OR ANY OTHER LOAN DOCUMENT AND FOR ANY MANDATORY COUNTERCLAIM THEREIN.**

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first above written.

BORROWER:

ERESEARCHTECHNOLOGY, INC.

By: /s/ Kevin Schneck
Name: Kevin Schneck
Title: Secretary

ACKNOWLEDGED AND AGREED:

ERT TECH CORPORATION

By: /s/ Steven M. Eisenstein
Name: Steven M. Eisenstein
Title: Secretary

ERT INVESTMENT CORPORATION

By: /s/ Steven M. Eisenstein
Name: Steven M. Eisenstein
Title: Secretary

COVANCE CARDIAC SAFETY SERVICES INC.

By: /s/ Keith Schneck
Name: Keith Schneck
Title: Secretary

[SIGNATURE PAGE TO CREDIT AGREEMENT]

LENDER:

CITIZENS BANK OF PENNSYLVANIA,
as the Lender

By: /s/ Dale R. Carr
Name: Dale R. Carr
Title: SVP

[SIGNATURE PAGE TO CREDIT AGREEMENT]

Schedule I

Existing Investments

Investment portfolio-ERT Technology Corporation:

DREYFUS CASH MGMT FUND

Investment portfolio-ERT Investment Corporation:

DREYFUS CASH MGMT FUND
ILLINOIS HEALTH FACILITIES (CUSIP: 45200PH59) (municipal auction rate securities)

Investment portfolio-eResearch Technology, Inc:

DREYFUS GOV' T CASH MGMT FUND

Other:

The interests of each of the Loan Parties in its respective Subsidiaries as set forth on Schedule 3.16

Schedule 3.10

Pension Plans

eResearchTechnology, Inc. 401(k) Plan

Schedule 3.16

Subsidiaries

eRT Investment Corporation

wholly owned by eResearchTechnology, Inc., 2,000 shares authorized, 100 shares issued and outstanding.

eRT Tech Corporation

wholly owned by eResearchTechnology, Inc., 2,000 shares authorized, 100 shares issued and outstanding.

Covance Cardiac Safety Services Inc.

wholly owned by eResearchTechnology, Inc., 10,000,000 shares of Common Stock and 7,897,000 shares of Preferred Stock authorized and 4,925,805.46 shares of Common Stock issued and outstanding.

eResearchTechnology UK 1 Limited

wholly owned by eResearchTechnology, Inc., 260 shares authorized and 260 shares issued and outstanding.

eResearchTechnology UK 2 Limited

wholly owned by eResearchTechnology UK 1 Limited, 544 shares authorized and 544 shares issued and outstanding.

eResearchTechnology Limited

wholly owned by eResearchTechnology UK 2 Limited, 259 shares authorized and 259 shares issued and outstanding.

eResearchTechnology Europe GmbH

wholly owned by eResearchTechnology Limited, 25,000 shares authorized and 25,000 shares issued and outstanding.

eResearchTechnology Germany GmbH & Co. KG

partnership with eResearchTechnology Limited as limited partner and eResearchTechnology Europe GmbH as general partner

Schedule 3.19

Collective Bargaining Agreements

NONE

Schedule 3.20

Material Contracts

Master Services Agreement between Borrower and Novartis Pharmaceuticals Corporation, dated December 15, 2006, as amended.

Schedule 6.2(e)

Existing Indebtedness

All intercompany loans existing by and among the Borrower and its Subsidiaries as of the Closing Date

Loan Agreement between Borrower and Wells Fargo Bank, N.A., as successor in interest to Wachovia Bank, National Association – Line of Credit of $3 Million – terminating June 1, 2010 ("Wachovia Line of Credit")

Letter of Credit in the amount of $469,575.18 issued in favor of G L B Bridgewater, LLC under the Wachovia Line of Credit, with an expiration date of August 24, 2010

Schedule 6.3(g)

Existing Liens

Debtor	Secured Party	Reference Number	Filing Date	Jurisdiction	Collateral or Judgment Amount
eResearchTechnology, Inc.	CIT Financial USA, Inc., as assignee of CIT Bank	Original 52102813 Assignment 53496636 Assignment 60274373	07/ 08/05 11/ 10/05 01/ 24/06	DE SOS	Computer equipment
eResearchTechnology, Inc.	IOS Capital	Original 60433862	02/ 06/06	DE SOS	Leased equipment
eResearchTechnology, Inc.	Wells Fargo Financial Leasing	Original 62134898	06/ 16/06	DE SOS	Leased equipment
eResearchTechnology, Inc.	Wells Fargo Financial Leasing, Inc.	Original 90033586	01/ 06/09	DE SOS	Leased equipment
eResearchTechnology, Inc.	IKON Financial Services	Original 91425278	05/ 06/09	DE SOS	Leased equipment
eResearchTechnology, Inc.	Wells Fargo Financial Leasing, Inc.	Original 00148985	01/ 14/10	DE SOS	Leased equipment
eResearchTechnology, Inc.	Division of Employer Accounts	Judgment Number DJ025428-10 Case Number EA 017465-10	01/ 27/10	Superior Court of New Jersey, Mercer County	$1,272.81
eResearchTechnology Limited	National Westminster Bank PLC				£20,000
eResearchTechnology Limited	National Westminster Bank PLC				£80,000
eResearchTechnology, Inc.[1]	Wells Fargo Bank, N.A., as successor in interest to Wachovia Bank, N.A.	N/A	N/A	N/A	Deposit accounts and investment property

1 To be released in accordance with Section 5.16 of the Credit Agreement

EXHIBIT A

FORM OF REVOLVER NOTE

U.S. $_____ _____, 2010
Philadelphia, Pennsylvania

FOR VALUE RECEIVED, ERESEARCHTECHNOLOGY, INC., a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of CITIZENS BANK OF PENNSYLVANIA (the "Lender") at its office located at 3025 Chemical Road, Suite 300, Plymouth Meeting, PA 19462, on the Termination Date (as defined in the Credit Agreement referred to below) in immediately available funds, in Dollars, the aggregate unpaid principal amount of all Revolver Loans made by the Lender to the Borrower pursuant to the Credit Agreement. In addition, the Borrower shall make principal payments on this Note, to the extent required under the Credit Agreement, on the dates specified in the Credit Agreement and in the amounts determined in accordance with the provisions thereof. The Borrower further agrees to pay interest accrued on the unpaid principal amount outstanding hereunder from time to time from the date hereof at the rates and on the dates specified in the Credit Agreement, together with all other costs, fees and expenses as provided in the Credit Agreement.

The holder of this Note is authorized to endorse on Schedule 1 annexed hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, the respective date, Type and amount of each Revolver Loan made by the Lender to the Borrower, each continuation thereof, each conversion of all or a portion thereof to another Type, the date and amount of each payment or prepayment of principal thereof and the length of each Interest Period with respect thereto, and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof, which endorsement shall constitute *prima facie* evidence of the accuracy of the information endorsed; *provided, however,* that the failure to make any such endorsement (or any error in such recordation) shall not affect the obligations of the Borrower to make payments of principal, interest and other amounts outstanding in accordance with the terms of this Note and the Credit Agreement.

This Note is the Revolver Note referred to in, evidences indebtedness incurred under, and is entitled to the benefits of, the Credit Agreement, dated as of the date hereof (said Agreement, as it may be amended, supplemented or otherwise modified from time to time, being referred to as the "Credit Agreement"), between the Borrower and the Lender. The Credit Agreement, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional or mandatory prepayments of the principal hereof prior to the maturity thereof, for a higher rate of interest hereunder on amounts past due and, in certain circumstances, in the case of an Event of Default, and for the amendment or waiver of certain provisions of the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement. This Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

Time is of the essence in respect of this Note.

ERESEARCHTECHNOLOGY, INC.

By: _____
Name:
Title:

Schedule 1

Loans, Conversions and Payments

Date	Type of Revolver Loan (LIBOR, LIBOR Advantage or Base Rate)	Amount of Revolver Loan	Amount of Principal Repaid	Amount of LIBOR Loans Converted To Base Rate Loans	Amount of LIBOR Advantage Loans Converted To LIBOR Loans	Unpaid Principal Balance of Revolver Loans	Notation Made By

EXHIBIT B

FORM OF NOTICE OF BORROWING

TO: CITIZENS BANK OF PENNSYLVANIA
Telephone No.: (610) 941-4166
Facsimile No.: (610) 941-4185
Attention: Dale Carr

FROM: ERESEARCHTECHNOLOGY, INC.

RE: Credit Agreement (the "Agreement"), dated as of May 27, 2010 by and between ERESEARCHTECHNOLOGY, INC., a Delaware corporation (the "Borrower") and Citizens Bank of Pennsylvania (the "Lender")

Pursuant to [Section 2.3/Section 2.4] of the Agreement, the undersigned hereby makes the following request:

1. This request is for (choose one):

   _____ Revolver Loans

   _____ Conversion of outstanding Base Rate Loans to LIBOR Rate Loans

   _____ Conversion of outstanding LIBOR Advantage Loan to LIBOR Rate Loans

   _____ Renewal of LIBOR Rate election with respect to outstanding LIBOR Loans

2. Aggregate principal amount of Loans comprising the new Tranche: _____

3. Proposed Borrowing, Conversion or Renewal Date: _____

4. Interest Rate applicable to the new Tranche (choose one):

   _____ a. LIBOR Advantage Rate

   Amount of borrowing subject to LIBOR Advantage Rate: $_____

_____ b. LIBOR Rate for an Interest period of (choose one):

Amount of borrowing subject to LIBOR Rate: $_____

_____ i. 1 month

_____ ii. 2 months

_____ iii. 3 months

[Repeat 1-4 for additional Loans/Tranches]

As of the date of each request for a Revolver Loan and the date of making of such Revolver Loan: each of the representations and warranties made by each Borrower contained in Section 3 of the Agreement or under the other Loan Documents or which are contained in any certificate, document or financial or other statement furnished at any time under or in connection with any of the foregoing, are and shall be true and correct in all material respects (or, in the case of any representation or warranty that is qualified by materiality or Material Adverse Effect, in all respects) on and as of the date hereof and, if different, the date of such Revolver Loan, except to the extent that such representation and warranty is given as of a particular date or period, in which case such representation and warranty shall be true and correct in all material respects as of such date or period; no Default or Event of Default has occurred and is continuing or shall exist after giving effect to the Revolver Loans requested hereby; and the other conditions precedent in Section 4.2 of the Agreement have been satisfied. As of the date of each request to convert or continue a Revolver Loan, no Default or Event of Default has occurred and is continuing or shall exist after giving effect to such conversion or continuation.

Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

The undersigned certifies to the accuracy of the foregoing.

Date: _____

ERESEARCHTECHNOLOGY, INC.

By: _____
Name:
Title:

[Notice of Borrowing]

Exhibit 10.16

REVOLVER NOTE

U.S. $40,000,000

May 27, 2010
Philadelphia, Pennsylvania

FOR VALUE RECEIVED, ERESEARCHTECHNOLOGY, INC., a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of CITIZENS BANK OF PENNSYLVANIA (the "Lender") at its office located at 3025 Chemical Road, Suite 300, Plymouth Meeting, PA 19462, on the Termination Date (as defined in the Credit Agreement referred to below) in immediately available funds, in Dollars, the aggregate unpaid principal amount of all Revolver Loans made by the Lender to the Borrower pursuant to the Credit Agreement. In addition, the Borrower shall make principal payments on this Note, to the extent required under the Credit Agreement, on the dates specified in the Credit Agreement and in the amounts determined in accordance with the provisions thereof. The Borrower further agrees to pay interest accrued on the unpaid principal amount outstanding hereunder from time to time from the date hereof at the rates and on the dates specified in the Credit Agreement, together with all other costs, fees and expenses as provided in the Credit Agreement.

The holder of this Note is authorized to endorse on Schedule 1 annexed hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, the respective date, Type and amount of each Revolver Loan made by the Lender to the Borrower, each continuation thereof, each conversion of all or a portion thereof to another Type, the date and amount of each payment or prepayment of principal thereof and the length of each Interest Period with respect thereto, and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof, which endorsement shall constitute *prima facie* evidence of the accuracy of the information endorsed; *provided, however,* that the failure to make any such endorsement (or any error in such recordation) shall not affect the obligations of the Borrower to make payments of principal, interest and other amounts outstanding in accordance with the terms of this Note and the Credit Agreement.

This Note is the Revolver Note referred to in, evidences indebtedness incurred under, and is entitled to the benefits of, the Credit Agreement, dated as of the date hereof (said Agreement, as it may be amended, supplemented or otherwise modified from time to time, being referred to as the "Credit Agreement"), between the Borrower and the Lender. The Credit Agreement, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional or mandatory prepayments of the principal hereof prior to the maturity thereof, for a higher rate of interest hereunder on amounts past due and, in certain circumstances, in the case of an Event of Default, and for the amendment or waiver of certain provisions of the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement. This Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

Time is of the essence in respect of this Note.

ERESEARCHTECHNOLOGY, INC.

By: /s/ Keith Schneck
Name: Keith Schneck
Title: Secretary

Schedule 1

Loans, Conversions and Payments

Date	Type of Revolver Loan (LIBOR, LIBOR Advantage or Base Rate)	Amount of Revolver Loan	Amount of Principal Repaid	Amount of LIBOR Loans Converted To Base Rate Loans	Amount of LIBOR Advantage Loans Converted To LIBOR Loans	Unpaid Principal Balance of Revolver Loans	Notation Made By

Exhibit 10.17

EXECUTION COPY

Guaranty

Guaranty, dated as of May 27, 2010 (this "*Guaranty*"), by ERT TECH CORPORATION, a Delaware corporation ("*ERT Tech*"), ERT INVESTMENT CORPORATION, a Delaware corporation ("*ERT Investment*"), COVANCE CARDIAC SAFETY SERVICES INC., a Pennsylvania corporation ("*Covance*"), each of the other entities that becomes a party hereto pursuant to *Section 24 (Additional Guarantors)* hereof (collectively, the "*Guarantors*" and individually a "*Guarantor*") and, solely for purposes of Section 9 hereof, ERESEARCHTECHNOLOGY, INC., a Delaware corporation (the "*Borrower*"), in favor of CITIZENS BANK OF PENNSYLVANIA, as the Lender (as such term is defined in the Credit Agreement referred to below) (the "*Lender*").

W i t n e s s e t h:

Whereas, pursuant to the Credit Agreement dated as of the date hereof (together with all appendices, exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"; capitalized terms defined therein and used herein having the meanings given to them in the Credit Agreement) between the Borrower and the Lender, the Lender has agreed to make extensions of credit to the Borrower and grant other financial accommodations to the Borrower upon the terms and subject to the conditions set forth therein;

Whereas, the Borrower owns 100% of the equity interests of each of ERT Tech, ERT Investment and Covance;

Whereas, each Guarantor will receive substantial direct and indirect benefits from the making of the Revolver Loans and the granting of the other financial accommodations to the Borrower under the Credit Agreement; and

Whereas, a condition precedent to the obligation of the Lender to make extensions of credit under the Credit Agreement is that the Guarantors shall have executed and delivered this Guaranty for the benefit of the Lender;

Now, Therefore, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1 Guaranty.

(a) To induce the Lender to make the Revolver Loans and issue the Letters of Credit, each Guarantor hereby absolutely, unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as primary obligor and not merely as surety, the full and punctual payment when due and in the currency due,

whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance herewith or any other Loan Document, of all the Obligations, whether or not from time to time reduced or extinguished or hereafter increased or incurred, whether or not recovery may be or hereafter may become barred by any statute of limitations, whether or not enforceable as against the Borrower, whether now or hereafter existing, and whether due or to become due, including principal, interest (including interest at the contract rate applicable upon default accrued or accruing after the commencement of any proceeding under the Bankruptcy Code (as defined below), or any applicable provisions of comparable state or foreign law, whether or not such interest is an allowed claim in such proceeding), fees and costs of collection. This Guaranty constitutes a guaranty of payment and not of collection.

(b) Each Guarantor further agrees that, if any payment made by the Borrower or any other Person and applied to the Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, then, to the extent of such payment, any such Guarantor' s liability hereunder shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, this Guaranty shall have been cancelled or surrendered, this Guaranty shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any such Guarantor in respect of the amount of such payment.

Section 2 Limitation of Guaranty.

Any term or provision of this Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Obligations for which any Guarantor shall be liable shall not exceed the maximum amount for which such Guarantor can be liable without rendering this Guaranty or any other Loan Document, as it relates to such Guarantor, subject to avoidance under applicable law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 *et seq*. (the "*Bankruptcy Code*") or any applicable provisions of comparable state law) (collectively, "*Fraudulent Transfer Laws*"), in each case after giving effect:

(a) to all other liabilities of such Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws (specifically excluding, however, to the extent permitted by applicable law, any liabilities of such Guarantor in respect of intercompany Indebtedness to the Borrower to the extent that such Indebtedness would be discharged in an amount equal to the amount paid by such Guarantor hereunder); and

(b) to the value as assets of such Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by such Guarantor pursuant to (A) applicable Requirements of Law, (B) *Section 3 (Contribution)*

of this Guaranty or (C) any other Contractual Obligations providing for an equitable allocation among such Guarantor and other Subsidiaries or Affiliates of the Borrower of obligations arising under this Guaranty or other guaranties of the Obligations by such parties.

Section 3 Contribution.

To the extent that any Guarantor shall be required hereunder to pay a portion of the Obligations exceeding the greater of (a) the amount of the economic benefit actually received by such Guarantor from the Revolver Loans and the other financial accommodations provided to the Borrower under the Loan Documents and (b) the amount such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of the Obligations (excluding the amount thereof repaid by the Borrower) in the same proportion as such Guarantor' s net worth at the date enforcement is sought hereunder bears to the aggregate net worth of all Guarantors at the date enforcement is sought hereunder, then such Guarantor shall be reimbursed by such other Guarantors for the amount of such excess, pro rata, based on the respective net worths of such other Guarantors at the date enforcement hereunder is sought.

Section 4 Authorization; Other Agreements.

The Lender is hereby authorized, without notice to, or demand upon, any Guarantor, which notice and demand requirements each are expressly waived hereby, and without discharging or otherwise affecting the obligations of such Guarantor hereunder (which obligations shall remain absolute and unconditional notwithstanding any such action or omission to act), from time to time, to do each of the following:

(a) supplement, renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, the Obligations, or any part of them, or otherwise modify, amend or change the terms of any promissory note or other agreement, document or instrument (including the other Loan Documents) now or hereafter executed by the Borrower and delivered to the Lender, including any increase or decrease of principal or the rate of interest thereon;

(b) waive or otherwise consent to noncompliance with any provision of any instrument evidencing the Obligations, or any part thereof, or any other instrument or agreement in respect of the Obligations (including the other Loan Documents) now or hereafter executed by the Borrower and delivered to the Lender;

(c) accept partial payments on the Obligations;

(d) settle, release, compromise, collect or otherwise liquidate the Obligations or accept, substitute, release, exchange or otherwise alter, affect or impair any guaranty for the Obligations or any part of them, in any manner;

(e) add, release or substitute any one or more other guarantors, makers or endorsers of the Obligations or any part of them and otherwise deal with the Borrower or any other guarantor, maker or endorser;

(f) apply to the Obligations any payment or recovery (x) from the Borrower, from any other guarantor, maker or endorser of the Obligations or any part of them or (y) from any other Guarantor in such order as provided herein, in each case whether such Obligations are secured or unsecured or guaranteed or not guaranteed by others;

(g) except to the extent otherwise required by the terms of the Credit Agreement, apply to the Obligations any payment or recovery from any Guarantor of the Obligations or any sum realized from security furnished by such Guarantor upon its indebtedness or obligations to the Lender, in each case whether or not such indebtedness or obligations relate to the Obligations; and

(h) refund at any time any payment received by the Lender in respect of any Obligation, and payment to the Lender of the amount so refunded shall be fully guaranteed hereby even though prior thereto this Guaranty shall have been cancelled or surrendered, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any Guarantor hereunder in respect of the amount so refunded;

even if any right of reimbursement or subrogation or other right or remedy of any Guarantor is extinguished, affected or impaired by any of the foregoing (including any election of remedies by reason of any judicial, non-judicial or other proceeding in respect of the Obligations that impairs any subrogation, reimbursement or other right of such Guarantor).

Section 5 Guaranty Absolute and Unconditional.

Each Guarantor hereby waives any defense of a surety or guarantor or any other obligor on any obligations arising in connection with or in respect of any of the following and hereby agrees that its obligations under this Guaranty are absolute and unconditional and shall not be discharged or otherwise affected as a result of any of the following:

(a) the invalidity or unenforceability of any obligations of the Borrower (including the Obligations) under the Credit Agreement or any other Loan Document or any other agreement or instrument relating thereto, or any guaranty of the Obligations or any part of them;

(b) the absence of any attempt to collect the Obligations or any part of them from the Borrower or other action to enforce the same;

(c) any borrowing or grant of a Lien by the Borrower, as debtor-in-possession, or extension of credit, under Section 364 of the Bankruptcy Code or any applicable provisions of comparable state or foreign law;

(d) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the Lender' s claim (or claims) for repayment of the Obligations;

(e) any use of cash collateral under Section 363 of the Bankruptcy Code;

(f) any agreement or stipulation as to the provision of adequate protection in any bankruptcy proceeding;

(g) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against the Borrower, any Guarantor or any other Subsidiary of the Borrower, including any discharge of, or bar or stay against collecting, the Obligations (or any part of them or interest thereon) in or as a result of any such proceeding;

(h) failure by the Lender to file or enforce a claim against the Borrower or its estate in any bankruptcy or insolvency case or proceeding;

(i) any action taken by the Lender if such action is authorized hereby;

(j) any change in the corporate existence or structure of the Borrower or any of its Subsidiaries;

(k) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Guarantor or any other Person against the Lender;

(l) any Requirement of Law affecting any term of any Guarantor' s obligations under this Guaranty; or

(m) any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor or any other obligor on any obligations, other than the payment in full of the Obligations.

Section 6 Waivers.

Each Guarantor hereby waives diligence, promptness, presentment, demand for payment or performance and protest and notice of protest, notice of acceptance and any other notice in respect of the Obligations or any part of them, and any defense arising by reason of any disability or other defense of the Borrower, except as the same is specifically required by the terms of this Guaranty, the Credit Agreement or any of the other Loan Documents. Each Guarantor shall not, until the Obligations are irrevocably paid in full, assert any claim or counterclaim it may have against the

Borrower or set off any of its obligations to the Borrower against any obligations of the Borrower to it. In connection with the foregoing, each Guarantor covenants that its obligations hereunder shall not be discharged, except upon the indefeasible payment and performance in full of all of the Obligations, whether such payment and performance has been made by the Guarantors or otherwise.

Section 7 Reliance.

Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Borrower and any endorser and other guarantor of all or any part of the Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Obligations, or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that the Lender shall not have any duty to advise any Guarantor of information known to it regarding such condition or any such circumstances. In the event the Lender, in its sole discretion, undertakes at any time or from time to time to provide any such information to any Guarantor, the Lender shall be under no obligation (a) to undertake any investigation not a part of its regular business routine, (b) to disclose any information that the Lender, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (c) to make any other or future disclosures of such information or any other information to any Guarantor.

Section 8 Waiver of Subrogation and Contribution Rights.

Until the Obligations have been irrevocably paid in full, the Guarantors shall not enforce or otherwise exercise any right of subrogation to any of the rights of the Guarantied Parties or any part of them against the Borrower or any right of reimbursement or contribution or similar right against the Borrower by reason of this Guaranty or by any payment made by any Guarantor in respect of the Obligations.

Section 9 Subordination.

(a) The Borrower and each of the Guarantors hereby agree that any Indebtedness of the Borrower or any Guarantor now or hereafter owing to the Borrower or any Guarantor, as applicable, whether heretofore, now or hereafter created (the "*Loan Party Subordinated Debt*"), is hereby subordinated to all of the Obligations and that, except to the extent expressly permitted under *Section 6.12 (Payment of and Amendment to Certain Indebtedness)* of the Credit Agreement, the Loan Party Subordinated Debt shall not be paid in whole or in part until the Obligations have been paid in full and this Guaranty is terminated and of no further force or effect. No Guarantor shall accept any payment of or on account of any Loan Party Subordinated Debt at any time in contravention of the foregoing. Upon the occurrence and during the continuance of an Event of Default, the Borrower and each Guarantor shall pay to the Lender any payment of all or any part of the Loan Party Subordinated Debt and any amount so paid to the Lender shall be applied to payment of the Obligations as provided in the Credit Agreement. Each payment on the Loan Party Subordinated Debt received in violation of

any of the provisions hereof shall be deemed to have been received by such Guarantor as trustee for the Lender and shall be paid over to the Lender immediately on account of the Obligations, but without otherwise affecting in any manner such Guarantor' s liability hereof.

(b) The Borrower and each of the Guarantors hereby agree that any Indebtedness of the Borrower or any Guarantor now or hereafter owing to any Affiliate of the Borrower or any Guarantor (other than the Borrower or any Guarantor), whether heretofore, now or hereafter created (the "*Affiliate Subordinated Debt*"), is hereby subordinated to all of the Obligations and that, except to the extent expressly permitted under *Section 6.7(a) (Limitation on Distributions)* and *Section 6.12 (Payment of and Amendment to Certain Indebtedness)* of the Credit Agreement, the Affiliate Subordinated Debt shall not be paid in whole or in part until the Obligations have been paid in full and this Guaranty is terminated and of no further force or effect. Upon the occurrence and during the continuance of an Event of Default, the Borrower and each Guarantor shall pay to the Lender any payment of all or any part of the Affiliate Subordinated Debt and any amount so paid to the Lender shall be applied to payment of the Obligations as provided in the Credit Agreement. Each payment on the Affiliate Subordinated Debt received in violation of any of the provisions hereof shall be deemed to have been received by the holder of such Affiliate Subordinated Debt as trustee for the Lender and shall be paid over to the Lender immediately on account of the Obligations.

Section 10 Default; Remedies.

The obligations of each Guarantor hereunder are independent of and separate from the Obligations. If any Obligation is not paid when due, or upon any Event of Default hereunder or upon any default by the Borrower as provided in any other instrument or document evidencing all or any part of the Obligations, the Lender may proceed directly and at once, without notice, against any Guarantor to collect and recover the full amount or any portion of the Obligations then due, without first proceeding against the Borrower or any other guarantor of the Obligations, or joining the Borrower or any other guarantor in any proceeding against any Guarantor. At any time after maturity of the Obligations, the Lender may (unless the Obligations have been irrevocably paid in full), without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of the Obligations, in accordance with this Agreement (a) any indebtedness due or to become due from the Lender to such Guarantor and (b) any moneys, credits or other property belonging to such Guarantor at any time held by or coming into the possession of the Lender or any of its respective Affiliates.

Section 11 Irrevocability.

This Guaranty shall be irrevocable as to the Obligations (or any part thereof) and shall remain in full force and effect until the later of (a) the payment in full in cash of all obligations of each Guarantor hereunder and (b) the payment in full in cash of all of the Obligations and the expiration or termination of the Commitment.

Notwithstanding the foregoing, upon any sale of a Guarantor as a result of a transaction expressly permitted by the Loan Documents, the Lender shall, at the written direction and at the sole cost and expense of such Guarantor, take all action reasonably necessary to release such Guarantor from this Guaranty. Upon such cancellation and at the written request of any Guarantor or its successors or assigns, and at the cost and expense of such Guarantor or its successors or assigns, the Lender shall execute a satisfaction of this Guaranty and such instruments, documents or agreements as are reasonably necessary to evidence the termination of this Guaranty, each in form and substance satisfactory to the Lender.

Section 12 Setoff.

Upon the occurrence and during the continuance of an Event of Default, the Lender and each Affiliate of the Lender may, without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of all or any part of the Obligations (a) any indebtedness due or to become due from the Lender or Affiliate to such Guarantor and (b) any moneys, credits or other property belonging to such Guarantor, at any time held by, or coming into, the possession of the Lender or Affiliate.

Section 13 No Marshalling.

Each Guarantor consents and agrees that neither the Lender nor any Person acting for or on behalf of the Lender shall be under any obligation to marshal any assets in favor of any Guarantor or against or in payment of any or all of the Obligations.

Section 14 Enforcement; Waivers; Amendments.

(a) No delay on the part of the Lender in the exercise of any right or remedy arising under this Guaranty, the Credit Agreement, any other Loan Document or otherwise with respect to all or any part of the Obligations or any other guaranty of all or any part of the Obligations shall operate as a waiver thereof, and no single or partial exercise by any such Person of any such right or remedy shall preclude any further exercise thereof. Failure by the Lender at any time or times hereafter to require strict performance by the Borrower, any Guarantor, any other guarantor of all or any part of the Obligations or any other Person of any provision, warranty, term or condition contained in any Loan Document now or at any time hereafter executed by any such Persons and delivered to the Lender shall not waive, affect or diminish any right of the Lender at any time or times hereafter to demand strict performance thereof and such right shall not be deemed to have been waived by any act (except by a written instrument pursuant to *Section 14(b)*) or knowledge of the Lender, or its respective agents, officers or employees. No waiver of any Event of Default by the Lender shall operate as a waiver of any other Event of Default or the same Event of Default on a future occasion, and no action by the Lender permitted hereunder shall in any way affect or impair the Lender' s rights and remedies or the obligations of any Guarantor under this Guaranty. Any determination by a court of competent jurisdiction of the amount of any principal or

interest owing by the Borrower to the Lender shall be conclusive and binding on each Guarantor irrespective of whether such Guarantor was a party to the suit or action in which such determination was made.

(b) None of the terms or provisions of this Guaranty may be waived, amended, supplemented or modified except in accordance with *Section 8.1 (Amendments and Waivers)* of the Credit Agreement.

Section 15 Successors and Assigns.

This Guaranty shall be binding upon each Guarantor and upon the successors and assigns of such Guarantors and shall inure to the benefit of the Lender and its successors and assigns; all references herein to the Borrower and to the Guarantors shall be deemed to include their respective successors and assigns. The successors and assigns of the Guarantors and the Borrower shall include, without limitation, their respective receivers, trustees and debtors-in-possession. All references to the singular shall be deemed to include the plural where the context so requires.

Section 16 Representations and Warranties; Covenants.

Each Guarantor hereby (a) represents and warrants that the representations and warranties as to it made by the Borrower in *Section 3 (Representations and Warranties)* of the Credit Agreement are true and correct in all material respects (or, in the case of any representation or warranty that is qualified by materiality or Material Adverse Effect, in all respects) on and as of the date hereof (except that any such representation or warranty that is expressly given as of a particular date or period and relates solely to such date or period is true and correct in all material respects as of such date or period) and (b) agrees to take, or refrain from taking, as the case may be, each action necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Guarantor.

Section 17 Governing Law.

This Guaranty and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the Commonwealth of Pennsylvania without regard to conflicts of law principles.

Section 18 Submission to Jurisdiction.

(a) Any legal action or proceeding with respect to this Guaranty, and any other Loan Document, may be brought in the courts of the Commonwealth of Pennsylvania or of the United States of America for the Eastern District of Pennsylvania, and, by execution and delivery of this Guaranty, each Guarantor hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Guarantor hereby irrevocably waives any objection, including any

objection to the laying of venue or based on the grounds of *forum non conveniens*, that any of them may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions**.**

(b) Nothing contained in this *Section 18 (Submission to Jurisdiction)* shall affect the right of the Lender to commence legal proceedings or otherwise proceed against a Guarantor in any other jurisdiction.

Section 19 Waiver of Judicial Bond.

To the fullest extent permitted by applicable law, each Guarantor waives the requirement to post any bond that otherwise may be required of the Lender in connection with any judicial proceeding to enforce the Lender' s rights to payment hereunder or in connection with any other legal or equitable action or proceeding arising out of, in connection with, or related to this Guaranty and the Loan Documents to which it is a party.

Section 20 Certain Terms.

The following rules of interpretation shall apply to this Guaranty: (a) the terms "*herein*," "*hereof*," "*hereto*" and "*hereunder*" and similar terms refer to this Guaranty as a whole and not to any particular Article, Section, subsection or clause in this Guaranty, (b) unless otherwise indicated, references herein to an Exhibit, Article, Section, subsection or clause refer to the appropriate Exhibit to, or Article, Section, subsection or clause in this Guaranty and (c) the term "*including*" means "*including without limitation*" except when used in the computation of time periods.

Section 21 Waiver of Jury Trial.

EACH OF THE LENDER AND EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT AND FOR ANY MANDATORY COUNTERCLAIM THEREIN.

Section 22 Notices.

Any notice or other communication herein required or permitted shall be given as provided in *Section 8.2 (Notices)* of the Credit Agreement and, in the case of any Guarantor, to such Guarantor in care of the Borrower.

Section 23 Severability.

Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be

ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

Section 24 Additional Guarantors.

Each of the Guarantors agrees that, if, pursuant to *Section 5.10 (New Subsidiaries)* of the Credit Agreement, the Borrower shall be required to cause any Subsidiary thereof that is not a Guarantor to become a Guarantor hereunder, or if for any reason the Borrower desires any such Subsidiary to become a Guarantor hereunder, such Subsidiary shall execute and deliver to the Lender a Guaranty Supplement in substantially the form of *Exhibit A (Guaranty Supplement)* attached hereto and shall thereafter for all purposes be a party hereto and have the same rights, benefits and obligations as a Guarantor party hereto on the Closing Date.

Section 25 Costs and Expenses.

In accordance with the provisions of *Section 8.5 (Payment of Expenses and Taxes)* of the Credit Agreement, each Guarantor agrees to pay or reimburse the Lender upon demand for all costs and expenses, including reasonable attorneys' fees and expenses, incurred by the Lender in enforcing this Guaranty against such Guarantor or any security therefor or exercising or enforcing any other right or remedy available in connection herewith or therewith.

Section 26 Waiver of Consequential Damages.

EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGE IN ANY LEGAL ACTION OR PROCEEDING IN RESPECT OF THIS GUARANTY OR ANY OTHER LOAN DOCUMENT.

Section 27 Entire Agreement.

This Guaranty, taken together with all of the other Loan Documents executed and delivered by the Guarantors, represents the entire agreement and understanding of the parties hereto and supersedes all prior understandings, written and oral, relating to the subject matter hereof.

Section 28 Counterparts.

This Guaranty may be executed in any number of separate counterparts and by different parties 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. Signature pages may be detached from multiple counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed

counterpart by facsimile transmission or electronic mail shall be effective as delivery of a manually executed counterpart.

[Signature Pages Follow]

In witness whereof, this Guaranty has been duly executed by the Guarantors as of the day and year first set forth above.

ERT TECH CORPORATION,
as a Guarantor

By: /s/ Steven M. Eisenstein
Name: Steven M. Eisenstein
Title: Secretary

ERT INVESTMENT CORPORATION,
as a Guarantor

By: /s/ Steven M. Eisenstein
Name: Steven M. Eisenstein
Title: Secretary

COVANCE CARDIAC SAFETY SERVICES INC.,
as a Guarantor

By: /s/ Keith Schneck
Name: Keith Schneck
Title: Secretary

Solely for purposes of Section 9:

ERESEARCHTECHNOLOGY, INC.,
as the Borrower

By: /s/ Keith Schneck
Name: Keith Schneck
Title: Secretary

[Signature Page to Guaranty]

Exhibit A
to
Guaranty

Form of Guaranty Supplement

The undersigned hereby agrees to be bound as a Guarantor for purposes of the Guaranty, dated as of May [27], 2010 (the "*Guaranty*"), by ERT TECH CORPORATION, a Delaware corporation ("*ERT Tech*"), ERT INVESTMENT CORPORATION, a Delaware corporation ("*ERT Investment*"), COVANCE CARDIAC SAFETY SERVICES, INC., a Pennsylvania corporation ("*Covance*") and, solely for purposes of Section 9 of the Guaranty, ERESEARCHTECHNOLOGY, INC. (the "*Borrower*") in favor of CITIZENS BANK OF PENNSYLVANIA, as Lender, and the undersigned hereby acknowledges receipt of a copy of the Guaranty. The undersigned hereby represents and warrants that each of the representations and warranties contained in *Section 16 (Representations and Warranties; Covenants)* of the Guaranty applicable to it is true and correct in all material respects (or, in the case of any representation or warranty that is qualified by materiality or Material Adverse Effect, in all respects) on and as of the date hereof (except that any such representation or warranty that is expressly given as of a particular date or period and relates solely to such date or period is true and correct in all material respects as of such date or period). Capitalized terms used herein but not defined herein are used with the meanings given them in the Guaranty.

In witness whereof, the undersigned has caused this Guaranty Supplement to be duly executed and delivered as of _____ __, 20___.

[NAME OF GUARANTOR]

By: _____
Name:
Title:

Exhibit 31.1

CERTIFICATION

I, Jeffrey S. Litwin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of eResearchTechnology, Inc.;

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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

(d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter 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 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:

(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: November 7, 2011

/s/ Jeffrey S. Litwin
Jeffrey S. Litwin, MD
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Keith D. Schneck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of eResearchTechnology, Inc.;

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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

(d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter 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 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:

(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: November 7, 2011

/s/ Keith D. Schneck
Keith D. Schneck
Executive Vice President, Chief
Financial Officer, Treasurer and Secretary

Exhibit 32.1

eResearchTechnology, Inc. and Subsidiaries

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 eResearchTechnology, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey S. Litwin, President and 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, to my knowledge, that:

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

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Jeffrey S. Litwin
Jeffrey S. Litwin, MD
President and Chief Executive Officer

This certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

eResearchTechnology, Inc. and Subsidiaries

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 eResearchTechnology, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith D. Schneck, Executive Vice President, Chief Financial Officer, Treasurer and Secretary 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, to my knowledge, that:

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

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Keith D. Schneck
Keith D. Schneck
Executive Vice President, Chief
Financial Officer, Treasurer and Secretary

This certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

Consolidated Balance Sheets (Unaudited) (Parenthetical) (USD $) In Thousands, except Share data	Sep. 30, 2011	Dec. 31, 2010
Current Assets:		
Allowance for doubtful accounts receivable	$ 549	$ 515
Stockholders' Equity:		
Preferred stock, par value	$ 10.00	$ 10.00
Preferred stock, shares authorized	500,000	500,000
Preferred stock, shares issued		
Preferred stock, shares outstanding		
Common stock, par value	$ 0.01	$ 0.01
Common stock, shares authorized	175,000,000	175,000,000
Common stock, shares issued	60,837,849	60,460,782
Treasury stock, Shares	11,596,966	11,589,603

Consolidated Statements of Operations (Unaudited) (USD $) In Thousands, except Per Share data	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Net revenues:				
Services	$ 25,193	$ 25,929	$ 71,586	$ 59,461
Site support	22,890	19,199	61,045	36,631
Total net revenues	48,083	45,128	132,631	96,092
Costs of revenues:				
Cost of services	14,554	13,526	41,325	29,162
Cost of site support	13,574	11,505	36,886	19,261
Total costs of revenues	28,128	25,031	78,211	48,423
Gross margin	19,955	20,097	54,420	47,669
Operating expenses:				
Selling and marketing	4,683	4,478	13,284	11,827
General and administrative	8,141	7,780	22,896	22,278
Research and development	1,898	1,250	5,083	3,177
Total operating expenses	14,722	13,508	41,263	37,282
Operating income	5,233	6,589	13,157	10,387
Foreign exchange (losses) gains	695	(1,745)	(580)	(1,267)
Other expense (income), net	(125)	(199)	(394)	(181)
Income before income taxes	5,803	4,645	12,183	8,939
Income tax provision	1,476	1,472	2,982	3,188
Net income	$ 4,327	$ 3,173	$ 9,201	$ 5,751
Net income per share:				
Basic	$ 0.09	$ 0.06	$ 0.19	$ 0.12
Diluted	$ 0.09	$ 0.06	$ 0.19	$ 0.12
Shares used in computing net income per share:				
Basic	49,234	48,860	49,092	48,789
Diluted	49,311	49,258	49,297	49,162

Document and Entity Information (USD $)	9 Months Ended Sep. 30, 2011	Oct. 21, 2011	Jun. 30, 2010
Document and Entity Information [Abstract]			
Entity Registrant Name	ERESEARCHTECHNOLOGY INC /DE/		
Entity Central Index Key	0001026650		
Document Type	10-Q		
Document Period End Date	Sep. 30, 2011		
Amendment Flag	false		
Document Fiscal Year Focus	2011		
Document Fiscal Period Focus	Q3		
Current Fiscal Year End Date	--12-31		
Entity Well-known Seasoned Issuer	No		
Entity Voluntary Filers	No		
Entity Current Reporting Status	Yes		
Entity Filer Category	Accelerated Filer		
Entity Public Float			$ 370,226,190
Entity Common Stock, Shares Outstanding		49,241,483	

Credit Agreement	9 Months Ended Sep. 30, 2011
Credit Agreement [Abstract]	
Credit Agreement	

Note 7. Credit Agreement

We have a credit agreement (Credit Agreement) with Citizens Bank of Pennsylvania (Lender) which provides for a $40 million revolving credit facility, with an additional $10.0 million increase option subject to bank approval. As of September 30, 2011, we had outstanding $21.0 million under our line of credit and $19.0 million remained available for us to borrow. At our option, borrowings under the Credit Agreement bear interest either at the Lender's prime rate or at a rate equal to LIBOR plus a margin ranging from 1.00% to 1.75% based on our senior leverage ratio as calculated under the Credit Agreement. In addition, we pay a quarterly unused commitment fee ranging from 0.10% to 0.20% of the unused commitment based on our senior leverage ratio. For the nine months ended September 30, 2011, the annual interest rate ranged from 1.19% to 1.51% and the unused commitment fee ranged from 0.10 to 0.15% resulting in expenses of $0.2 million. Borrowings under the Credit Agreement may be prepaid at any time in whole or in part without premium or penalty, other than customary breakage costs, if any. The Credit Agreement terminates, and any outstanding borrowings mature, on May 27, 2013.

The Credit Agreement requires us to maintain a maximum senior leverage ratio of 2.0 to 1.0 and a minimum debt service coverage ratio of 1.5 to 1.0, in each case as calculated under the Credit Agreement. The Credit Agreement contains other customary affirmative and negative covenants and customary events of default.

At September 30, 2011, we were in compliance with all debt covenants. Borrowings under the line of credit are secured by 65% of the capital stock of certain of our foreign subsidiaries.

Related Party Transactions

Related Party Transactions [Abstract]

Related Party Transactions

9 Months Ended Sep. 30, 2011

Note 12. Related Party Transactions

Our Executive Vice President and Chief Scientific Officer, Dr. Morganroth, is a cardiologist who, through his wholly-owned professional corporation, provides medical professional services on behalf of the Company. Under this arrangement, Dr. Morganroth's professional corporation receives a percentage fee of 80% of the net amounts we bill for Dr. Morganroth's services to our customers (Percentage Fees). Our President and Chief Executive Officer is responsible for assigning the consulting work to internal and external resources, including Dr. Morganroth, based upon the requirements of the engagement. We recorded revenues in connection with services billed to customers under the consulting arrangement of approximately $0.4 million and $0.3 million in the three months ended September 30, 2010 and 2011, respectively, and $1.0 million in each of the nine-month periods ended September 30, 2010 and 2011. We incurred Percentage Fees of approximately $0.3 million in each of the three-month periods ended September 30, 2010 and 2011, respectively, and $0.8 million and $1.0 million in the nine months ended September 30, 2010 and 2011, respectively. At December 31, 2010 and September 30, 2011, we owed $0.2 million to the professional corporation for Percentage Fees. These amounts are included in accounts payable.

Fair Value of Financial Instruments

Fair Value of Financial Instruments [Abstract]

Fair Value of Financial Instruments

9 Months Ended Sep. 30, 2011

Note 3. Fair Value of Financial Instruments

A fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Fair value is based upon an exit price model.

We measure certain financial assets and liabilities at fair value on a recurring basis, including available-for-sale securities. Available-for-sale securities as of September 30, 2011 consisted of an auction rate security, or ARS, issued by a municipality and publicly- traded shares of common stock. Available-for-sale securities are included in short-term investments in our consolidated balance sheets with the exception of the common stock which is included in investment in marketable securities. The marketable securities are included in investments in marketable securities in our consolidated balance sheets. The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or Inputs other than quoted prices that are observable for the asset or liability

Level 3 Unobservable inputs for the asset or liability

The following tables represent our fair value hierarchy for financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of December 31, 2010 and September 30, 2011 (in thousands):

	Fair Value Measurements at December 31, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$30,343	$ 30,343	$ —	$—
Municipal securities	50	—	—	50
Marketable securities	648	—	648	—
Total	$31,041	$ 30,343	$ 648	$50

	Fair Value Measurements at September 30, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$29,535	$ 29,535	$ —	$—
Municipal securities	50	—	—	50
Marketable securities	810	—	810	—

Total	$30,395	$ 29,535	$ 810	$50

Cash and cash equivalents consist primarily of checking accounts and highly rated money market funds with original maturities of three months or less. The original cost of these assets approximates fair value due to their short term maturity. Bank debt consists of loans drawn under our bank credit facility. Based on our assessment of the current financial market and corresponding risks associated with the debt, we believe that the carrying amount of bank debt at September 30, 2011 approximates fair value based on the level 2 valuation hierarchy of the fair value measurements standard.

Comprehensive Income (Loss)

Comprehensive Income (Loss) [Abstract]

Comprehensive Income (Loss)

9 Months Ended Sep. 30, 2011

Note 9. Comprehensive Income (Loss)

We are required to classify items of other comprehensive income (loss) by their nature in the financial statements and display the accumulated balance of other comprehensive income (loss) separately from retained earnings and additional paid-in-capital in the stockholders' equity section of the balance sheet. Our comprehensive income (loss) includes net income and unrealized gains and losses from marketable securities and foreign currency translation as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2011	2010	2011
Net income	$3,173	$4,327	$5,751	$9,201
Other comprehensive (loss) income :				
Change in unrealized (losses) gains on marketable securities	(211)	(162)	(246)	162
Currency translation adjustment	4,206	(5,544)	1,822	6,090
Comprehensive income (loss), net of tax	$7,168	$(1,379)	$7,327	$15,453

Comprehensive income increased $3,703 for the nine months ended September 30, 2011 for foreign currency translation adjustments related to fiscal 2010 for our goodwill and intangible assets.

Operating Segments / Geographic Information

9 Months Ended Sep. 30, 2011

Operating Segments / Geographic Information [Abstract]

Operating Segments / Geographic Information

Note 14. Operating Segments / Geographic Information

We consider our business to consist of one segment which is providing services and customizable medical devices to biopharmaceutical organizations and, to a lesser extent, healthcare organizations. We operate on a worldwide basis with two primary locations in the United States, categorized below as North America, and one primary location each in the United Kingdom and Germany. A large portion of our revenues are allocated among our geographic segments based upon the profit split transfer pricing methodology, and revenues are generally allocated to the geographic segment in which the work is performed.

Geographic information is as follows (in thousands of dollars):

	Three Months Ended September 30, 2010				
	North America	UK	Germany	Eliminations	Total
Service revenues	$11,037	$5,553	$9,339	$—	$25,929
Site support revenues	4,606	2,445	12,148	—	19,199
Net revenues from external customers	15,643	7,998	21,487	—	45,128
Intersegment revenues	1,100	39	—	(1,139)	—
Total revenues	$16,743	$8,037	$21,487	$(1,139)	$45,128
Operating income	$1,702	$1,835	$3,052	$—	$6,589
Long-lived assets	$22,762	$6,017	$13,030	$—	$41,809
Total assets	$94,223	$15,290	$96,038	$—	$205,551

	Three Months Ended September 30, 2011				
	North America	UK	Germany	Eliminations	Total
Service revenues	$11,575	$4,829	$8,789	$—	$25,193
Site support revenues	4,997	2,602	15,291	—	22,890
Net revenues from external customers	16,572	7,431	24,080	—	48,083
Intersegment revenues	6,157	28	193	(6,378)	—
Total revenues	$22,729	$7,459	$24,273	$(6,378)	$48,083
Operating income	$902	$1,792	$2,539	$—	$5,233
Long-lived assets	$25,089	$7,124	$19,548	$—	$51,761
Total assets	$102,852	$20,104	$110,181	$—	$233,137

	Nine Months Ended September 30, 2010				
	North America	UK	Germany	Eliminations	Total
Service revenues	$31,820	$15,728	$11,913	$—	$59,461
Site support revenues	14,328	7,036	15,267	—	36,631
Net revenues from external customers	46,148	22,764	27,180	—	96,092
Intersegment revenues	1,424	39	—	(1,463)	—
Total revenues	$47,572	$22,803	$27,180	$(1,463)	$96,092
Operating income	$8	$6,764	$3,615	$—	$10,387
Long-lived assets	$22,762	$6,017	$13,030	$—	$41,809

Total assets	$94,223	$15,290	$96,038	$—	$205,551

	Nine Months Ended September 30, 2011				
	North America	UK	Germany	Eliminations	Total
Service revenues	$32,631	$14,663	$24,292	$—	$71,586
Site support revenues	14,176	7,832	39,037	—	61,045
Net revenues from external customers	46,807	22,495	63,329	—	132,631
Intersegment revenues	19,098	87	193	(19,378)	—
Total revenues	$65,905	$22,582	$63,522	$(19,378)	$132,631
Operating income	$2,334	$5,908	$4,915	$—	$13,157
Long-lived assets	$25,089	$7,124	$19,548	$—	$51,761
Total assets	$102,852	$20,104	$110,181	$—	$233,137

Recent Accounting Pronouncements	9 Months Ended Sep. 30, 2011
Recent Accounting Pronouncements [Abstract]	
Recent Accounting Pronouncements	

Note 10. Recent Accounting Pronouncements

In September 2009, the FASB issued a new accounting standard regarding revenue arrangements with multiple deliverables. As codified in ASC 605-25 (formerly Emerging Issues Task Force Issue No. 08-1, Revenue Arrangements with Multiple Deliverables), this accounting standard sets forth requirements that must be met for an entity to recognize revenue from the sale of a delivered item that is part of a multiple-element arrangement when other items have not yet been delivered. One of those current requirements is that there be objective and reliable evidence of the standalone selling price of the undelivered items, which must be supported by either vendor-specific objective evidence (VSOE) or third-party evidence (TPE).

This consensus eliminates the requirement that all undelivered elements have VSOE or TPE before an entity can recognize the portion of an overall arrangement fee that is attributable to items that already have been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-element arrangement, entities will be required to estimate the selling prices of those elements. The overall arrangement fee will be allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. Application of the "residual method" of allocating an overall arrangement fee between delivered and undelivered elements will no longer be permitted. The accounting standard was effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The adoption of this consensus did not have a material impact on our consolidated financial statements.

In January 2010, the FASB issued Accounting Standard Update (ASU) 2010-06 which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. The FASB also clarified existing fair-value measurement disclosure guidance about the level of disaggregation, inputs, and valuation techniques. Except for the detailed Level 3 roll forward disclosures, we adopted this standard effective January 1, 2010. The adoption of this aspect of the accounting standard did not have any impact on our consolidated financial statements. The new disclosures about purchases, sales, issuances, and settlements in the roll forward activity for Level 3 fair-value measurements were effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of these requirements did not have a material impact on our consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04 which represents the converged guidance of the FASB and the IASB (the "Boards") on fair value measurements. The collective efforts of the Boards and their staffs, reflected in ASU 2011-04, have resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term "fair value." The Boards have concluded the common requirements will result in greater comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRSs. The amendments in this ASU are required to be applied prospectively, and are effective for interim and annual periods beginning after December 15, 2011. We do not expect that the adoption of ASU 2011-04 will have a significant impact on our consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, we must report

comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective for public companies during the interim and annual periods beginning after Dec. 15, 2011 with early adoption permitted. The adoption of ASU 2011-05 will not have an impact on our consolidated financial statements as it only requires a change in the format of the current presentation.

In September 2011, the FASB issued ASU 2011-08, which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This update is effective for annual and interim goodwill impairment tests performed in fiscal years beginning after December 15, 2011, which will require us to adopt these provisions in fiscal 2012, however, early adoption is permitted. The adoption of ASU 2011-08 will not have an impact on our consolidated financial statements.

Net Income per Common Share

Net Income per Common Share [Abstract]

Net Income per Common Share

9 Months Ended Sep. 30, 2011

Note 8. Net Income per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period, adjusted for the dilutive effect of common stock equivalents, which consist of stock options. The dilutive effect of stock options is calculated using the treasury stock method.

The tables below set forth the reconciliation of the numerators and denominators of the basic and diluted net income per common share computations (in thousands, except per share amounts):

Three Months Ended September 30,	Net Income	Shares	Per Share Amount
2010			
Basic net income	$3,173	48,860	$0.06
Effect of dilutive shares	—	398	—
Diluted net income	$3,173	49,258	$0.06
2011			
Basic net income	$4,327	49,234	$0.09
Effect of dilutive shares	—	77	—
Diluted net income	$4,327	49,311	$0.09

Nine Months Ended September 30,	Net Income	Shares	Per Share Amount
2010			
Basic net income	$5,751	48,789	$0.12
Effect of dilutive shares	—	373	—
Diluted net income	$5,751	49,162	$0.12
2011			
Basic net income	$9,201	49,092	$0.19
Effect of dilutive shares	—	205	—
Diluted net income	$9,201	49,297	$0.19

In computing diluted net income per common share, options to purchase 2,609,000 and 4,180,000 shares of common stock were excluded from the computations for the three months ended September 30, 2010 and 2011, respectively, and options to purchase 2,731,000 and 3,353,000 shares of common stock were excluded from the computations for the nine months ended September 30, 2010 and 2011, respectively. These options were excluded from the

computations because the exercise prices of such options were greater than the average market price of our common stock during the respective period.

Basis of Presentation

Basis of Presentation [Abstract]

Basis of Presentation

9 Months Ended Sep. 30, 2011

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements, which include the accounts of eResearchTechnology, Inc. (the "Company," "ERT" or "we") and its wholly-owned subsidiaries, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. Further information on potential factors that could affect our financial results can be found in our Report on Form 10-K for the year ended December 31, 2010 as filed with the Securities and Exchange Commission (SEC). Subsequent events have been evaluated for disclosure and recognition.

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Business Combinations

Business Combinations [Abstract]
Business Combinations

9 Months Ended Sep. 30, 2011

Note 4. Business Combinations

Research Services (RS)

On May 28, 2010, we acquired RS. See Note 2 for a summary of the terms of this acquisition. We have included RS's operating results in our consolidated statements of operations from the date of the acquisition. We paid $82.7 million for RS and additionally incurred transaction costs of $4.1 million. The tax bases of the assets acquired and liabilities assumed in the RS transaction were stepped-up to fair value at the date of the RS acquisition.

P*ro Forma Results*

The unaudited financial information in the table below summarizes the combined results of operations for us and RS on a pro forma basis as though the companies had been combined as of the beginning of each of the periods presented after giving effect to certain adjustments. The unaudited pro forma financial information for the nine months ended September 30, 2010 combines our historical results for this period with the historical results for the comparable reporting period for RS. Our historical results of operations for the nine months ended September 30, 2011 include the results of RS. The unaudited pro forma financial information below is for informational purposes only and is not indicative of the results of operations or financial condition that would have been achieved if the acquisition would have taken place at the beginning of each of the periods presented and should not be taken as indicative of our future consolidated results of operations or financial condition. Acquisition-related transaction costs of $4.0 million were excluded from the pro forma results for the nine months ended September 30, 2010. Pro forma adjustments are tax-effected at our effective tax rate.

	Nine Months Ended September 30, 2010
	(Unaudited, in thousands except per share amounts)
Revenue	$ 124,432
Operating income	16,153
Net income	9,807
Basic net income per share	$ 0.20
Diluted net income per share	$ 0.20

Covance Cardiac Safety Services, Inc. (CCSS)

On November 28, 2007, we completed the acquisition of CCSS from Covance Inc. (Covance). The following table sets forth the activity and balance of our accrued liability relating to lease costs associated with the closing of CCSS operations, which is included in "Accrued expenses" and "Other liabilities" on our Consolidated Balance Sheets (in thousands):

	Lease Liability
Balance at December 31, 2010	$1,901
Cash payments	$(404)
Balance at September 30, 2011	$1,497

Goodwill

The following tables reflect changes in the carrying value of goodwill:

Balance at December 31, 2010	71,637
Currency translation adjustments	3,593
Balance at September 30, 2011	$75,230

Goodwill increased $2,579 and intangible assets increased $1,124 as of September 30, 2011 for foreign currency translation adjustments related to fiscal 2010.

Inventory

Inventory [Abstract]
Inventory

9 Months Ended
Sep. 30, 2011

Note 5. Inventory

Inventory consisted of the following:

	December 31, 2010	September 30, 2011
Raw materials	$ 2,196	$ 6,358
Work in process	843	1,343
Finished goods	1,659	2,890
	$ 4,698	$ 10,591

Commitments and Contingencies

Commitments and Contingencies [Abstract]

Commitments and Contingencies

9 Months Ended
Sep. 30, 2011

Note 13. Commitments and Contingencies

We have a long-term strategic relationship with Healthcare Technology Systems, Inc. (HTS), a leading authority in the research, development and validation of computer administered clinical rating instruments. The strategic relationship includes the exclusive licensing (subject to one pre-existing license agreement) of 57 Interactive Voice Response (IVR) clinical assessments offered by HTS along with HTS's IVR system. As of September 30, 2011, we had paid HTS $1.5 million for the license and $1.0 million in advance payments against future royalties. As of September 30, 2011, HTS had earned royalties of $0.3 million, which were offset against the advance royalty payments. Future royalty payments will be made to HTS based on the level of ePRO revenues received from the assessments and the IVR system, and such royalties will be applied against the advance royalty payments.

On November 28, 2007, we completed the acquisition of CCSS. The acquisition included a marketing agreement under which Covance is obligated to use us as its provider of centralized cardiac safety solutions, and to offer these solutions to Covance's customers, on an exclusive basis, for a 10-year period, subject to certain exceptions. We expense payments to Covance based upon a portion of the revenues we receive during each calendar year of the 10-year term that are based primarily on referrals made by Covance under the agreement. The agreement does not restrict our continuing collaboration with our other key CRO, Phase I units, Academic Research Centers and other strategic partners.

We offer warranties on certain products for various periods of time. We accrue for the estimated cost of product warranties at the time revenue is recognized. Our product warranty liability reflects management's best estimate of probable liability based on current and historical product sales data and warranty costs incurred.

Our costs in Germany are subject to foreign exchange fluctuations as the majority of these costs are paid in euros. We enter into foreign exchange contracts to mitigate such foreign exchange fluctuations. These contracts are not designated as hedging instruments and changes in fair value are immediately recognized into earnings in the line item foreign exchange (losses) gains. The activity for the quarter ended September 30, 2011 was as follows:

	Amount	Avg Rate
Forward Contracts entered in Q3 2011	$5.9 million	$1.40
Forward Contracts settled in Q3 2011	$13.9 million	$1.42
Forward Contracts open at September 30, 2011	$0.0 million	N/A

For the nine months ended September 30, 2011, we entered into $31.6 million of foreign exchange forward contracts; $31.6 million matured and none was outstanding at September 30, 2011. In October 2011, we entered into forward contracts to sell $4.1 million U.S. dollars and purchase euros at an average of $1.36 U.S. dollars to 1 euro. Such contracts have various maturities through December 31, 2011.

We are involved in legal proceedings from time to time in the ordinary course of our business. We accrue an estimated loss contingency in our consolidated financial statements if it is probable

that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions can occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review contingencies to determine whether our accruals are adequate. The amount of ultimate loss may differ from these estimates.

We recognize estimated loss contingencies for litigation in general and administrative operating expenses in our condensed consolidated statements of operations.

In December 2010, we terminated the employment relationship with one of our employees. The employee filed a lawsuit in December 2010 against such termination, applying for a ruling that the termination was not legally effective and that the employment relationship is not terminated. In the second quarter of 2011, we agreed to a settlement with the former employee which did not have a material effect on our consolidated financial statements.

Intangible Assets

Intangible Assets [Abstract]
Intangible Assets

9 Months Ended
Sep. 30, 2011

Note 6. Intangible Assets

Amortization of intangible assets represents the amortization of the intangible assets from the RS and CCSS acquisitions. The gross and net carrying amounts of the acquired intangible assets as of December 31, 2010 and September 30, 2011 were as follows (in thousands):

	December 31, 2010			
Description	Gross Value	Accumulated Amortization	Net Book Value	Estimated Useful Life (in years)
CCSS:				
Customer Relationships	1,700	524	$1,176	10
Total	$1,700	$524	$1,176	
RS:				
Backlog	$12,782	$4,687	$8,095 *	4
Technology	8,248	602	7,646	8
Covenants not-to-compete	319	49	270	4
Total	$21,349	$5,338	$16,011	

	September 30, 2011			
Description	Gross Value	Accumulated Amortization	Net Book Value	Estimated Useful Life (in years)
CCSS:				
Customer Relationships	1,700	652	$1,048	10
Total	$1,700	$652	$1,048	
RS:				
Backlog	$13,763	$9,508	$4,255 *	4
Technology	9,031	1,485	7,546	8
Covenants not-to-compete	348	117	231	4
Total	$23,142	$11,110	$12,032	

* RS backlog is being amortized over four years on an accelerated basis.

The related amortization expense reflected in our consolidated statements of operations for the three and nine months ended September 30, 2010 was $2.4 million and $3.1 million, respectively. The related amortization expense reflected in our consolidated statements of operations for the three and nine months ended September 30, 2011 was $1.9 million and $5.8 million, respectively.

Estimated amortization expense for the remaining estimated useful life of the acquired intangible assets is as follows for the years ending December 31 (in thousands):

	Amortization of Intangible Assets		
Years ending December 31,	CCSS	RS	Total
2011	$43	$1,849	$1,892
2012	$170	3,555	3,725
2013	$170	1,593	1,763
2014	$170	1,168	1,338

2015	$170	1,132	1,302
Thereafter	$326	2,735	3,061
Total	$1,048	$12,032	$13,080

Consolidated Statements of Cash Flows (Unaudited) (USD $) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Operating activities:		
Net income	$ 9,201	$ 5,751
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,202	12,753
Cost of sales of equipment	14	767
Share-based compensation	2,151	2,048
Deferred income taxes	912	(1,043)
Loss on disposal of equipment	862	
Changes in operating assets and liabilities:		
Accounts receivable	(2,966)	(6,429)
Inventory	(4,331)	(984)
Prepaid expenses and other	(1,185)	(640)
Accounts payable	(668)	1,622
Accrued expenses	(2,096)	5,145
Income taxes	(112)	(1,125)
Deferred revenues	1,882	1,153
Deferred rent	75	(225)
Net cash provided by operating activities	22,941	18,793
Investing activities:		
Purchases of property and equipment	(24,964)	(15,987)
Purchases of investments		(999)
Proceeds from sales of investments		10,731
Payments for acquisition	(117)	(82,789)
Net cash used in investing activities	(25,081)	(89,044)
Financing activities:		
Proceeds from long-term debt		23,000
Repayment of long-term debt		(2,000)
Proceeds from exercise of stock options	771	215
Stock option income tax benefit	17	29
Repurchase of common stock for treasury	(46)	
Net cash provided by financing activities	742	21,244
Effect of exchange rate changes on cash	590	(639)
Net decrease in cash and cash equivalents	(808)	(49,646)
Cash and cash equivalents, beginning of period	30,343	68,979
Cash and cash equivalents, end of period	$ 29,535	$ 19,333

Summary of Significant Accounting Policies	9 Months Ended Sep. 30, 2011
Summary of Significant Accounting Policies [Abstract]	
Summary of Significant Accounting Policies	

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ERT and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. We consider our business to consist of one segment which is providing services and customizable medical devices to biopharmaceutical organizations and, to a lesser extent, healthcare organizations.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Our services revenues consist primarily of revenue derived from our cardiac safety (Cardiac Safety), respiratory efficacy (Respiratory) and, to a lesser extent, our electronic patient-reported outcomes (ePRO) solutions that we provide on a fee for services basis. Our services revenues are recognized as the services are performed. We also provide consulting services on a time and materials basis and recognize revenues as we perform the services. Our site support revenue, consisting of equipment rentals and sales along with related supplies and logistics management, are recognized at the time of sale or over the rental period.

At the time of each transaction, management assesses whether the fee associated with the transaction is fixed or determinable and whether or not collection is reasonably assured. If a significant portion of a fee is due after our normal payment terms or upon implementation or customer acceptance, the fee is accounted for as not being fixed or determinable and revenue is recognized as the fees become due or after implementation or customer acceptance has occurred.

Collectability is assessed based on a number of factors, including past transaction history with the customer and the creditworthiness of the customer. If it is determined that collection of a fee is not reasonably assured, the fee is deferred and revenue is recognized at the time collection becomes reasonably assured, which is generally upon receipt of cash. Under a typical contract for Cardiac Safety services, customers pay us a portion of our fee for these services upon contract execution as an upfront deposit, some of which is typically nonrefundable upon contract termination. Revenues are then recognized under Cardiac Safety service contracts as the services are performed.

For arrangements with multiple deliverables entered into prior to 2011, where the fair value of each element is known, the revenue is allocated to each component based on the relative fair value of each element. For arrangements with multiple deliverables where the fair value of one or more delivered elements is not known, revenue is allocated to each component of the arrangement using the residual method provided that the fair value of all undelivered elements is known. Fair values for undelivered elements are based primarily upon stated renewal rates for future products or services.

For arrangements with multiple deliverables entered into from and after January 1, 2011, the revenue is allocated to each element (both delivered and undelivered items) based on their relative

selling prices or management's best estimate of their selling prices, when vendor-specific or third-party evidence is unavailable.

We have recorded reimbursements received for out-of-pocket expenses incurred as revenue in the accompanying consolidated statements of operations.

Unbilled revenue is revenue that is recognized but is not currently billable to the customer pursuant to contractual terms. In general, such amounts become billable in accordance with predetermined payment schedules, but recognized as revenue as services are performed. Amounts included in unbilled revenue are expected to be collected within one year and are included within current assets.

Business Combinations

On May 28, 2010, we acquired Research Services Germany 234 GmbH (Research Services or RS), which provides respiratory diagnostics services and is a manufacturer of equipment and also offers cardiac safety and ePRO services. We paid $82.7 million for RS. The acquisition and related transaction costs were financed from our existing cash and the $23.0 million drawn from our $40.0 million revolving credit facility through Citizens Bank of Pennsylvania. The credit facility was established on May 27, 2010. See Note 4 for additional disclosure on the RS acquisition and Note 7 for additional disclosure regarding the revolving credit facility.

We allocated the purchase price to the tangible and intangible assets we acquired and liabilities we assumed based on their estimated fair values. This valuation required management to make significant estimates and assumptions, especially with respect to long-lived and intangible assets.

Critical estimates in valuing certain of the intangible assets included but were not limited to: future expected cash flows from customer contracts, customer relationships, proprietary technology and discount rates. Our estimates of fair value were based upon assumptions we believed to be reasonable, but which are inherently uncertain and unpredictable. Assumptions may have been incomplete or inaccurate, and unanticipated events and circumstances may occur.

Concentration of Credit Risk and Significant Customers

Our business depends entirely on the clinical trials that biopharmaceutical and healthcare organizations conduct. Our revenues and profitability will decline if there is less competition in the biopharmaceutical and healthcare industries, which could result in fewer products under development and decreased pressure to accelerate a product approval. Our revenues and profitability will also decline if the FDA or similar agencies in foreign countries modify their requirements in a manner that decreases the need for our solutions.

Financial instruments that potentially subject us to concentration of credit risk consist primarily of trade accounts receivable from companies operating in the biopharmaceutical and healthcare industries. For the nine months ended September 30, 2010, one customer accounted for approximately 24% of net revenues. For the nine months ended September 30, 2011, three customers accounted for approximately 20%, 14% and 13% of net revenues, respectively. The loss of these customers could have a material adverse effect on our operations. We maintain reserves for potential credit losses. Such losses, in the aggregate, have not historically exceeded management's estimates.

Cash and Cash Equivalents

We consider cash on deposit and in overnight investments and investments in money market funds with financial institutions to be cash equivalents. At the balance sheet dates, cash equivalents consisted primarily of investments in money market funds. At December 31, 2010 and September 30, 2011, approximately $6.9 million and $13.1 million, respectively, was held by our UK subsidiary. At December 31, 2010 and September 30, 2011, approximately $13.1 million and $6.5 million, respectively, was held by our German subsidiary.

Short-term Investments and Investments in Marketable Securities

At September 30, 2011, short-term investments consisted of an auction rate security issued by a municipality while marketable securities consisted of publicly-traded shares of common stock received from the buyer of certain assets of our electronic data capture (EDC) operations. Available-for-sale securities are carried at fair value, based on quoted market prices, with unrealized gains and losses reported as a separate component of stockholders' equity. We classified our short-term investments and investment in marketable securities at December 31, 2010 and September 30, 2011 as available-for-sale. At December 31, 2010 and September 30, 2011, unrealized gains and losses were immaterial. Realized gains and losses during the nine months ended September 30, 2010 and 2011 were immaterial. For purposes of determining realized gains and losses, the cost of the securities sold is based upon specific identification.

Inventory

We compute inventory cost on a first-in, first-out basis (FIFO). We reduce the carrying value of inventories to a lower of cost or market basis for those items that are potentially excess, obsolete or slow-moving. We record charges for inventory obsolescence based upon sales trends and age of on-hand inventory. Work-in-process and finished goods inventories include raw materials, direct labor and manufacturing overhead. Finished goods inventories include equipment that may be sold directly to customers or transferred to rental equipment in property and equipment. We also may, on occasion, sell rental equipment, as described below in Property and Equipment.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of three years for computer and other equipment, two to four years for rental equipment, five years for furniture and fixtures and three to five years for system development costs. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the remaining lease term. Repair and maintenance costs are expensed as incurred. Improvements and betterments are capitalized. Depreciation expense was $3.2 million and $3.5 million for the three months ended September 30, 2010 and 2011, respectively, and $6.8 million and $10.1 million for the nine months ended September 30, 2010 and 2011, respectively.

We capitalize costs associated with internally developed and/or purchased software systems for new products and enhancements to existing products that have reached the application development stage and meet recoverability tests. These costs are included in property and equipment. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and payroll and payroll-related expenses for employees who are directly associated with and devote time to the internal-use software project.

Amortization of capitalized software development costs is charged to costs of revenues. Amortization of capitalized software development costs was $0.9 million and $1.4 million for the three months ended September 30, 2010 and 2011, respectively, and $2.7 million and $3.5 million for the nine months ended September 30, 2010 and 2011, respectively. For the nine month periods ended September 30, 2010 and 2011, we capitalized $4.3 million and $10.7 million, respectively, of software development costs. As of September 30, 2011, $10.5 million of capitalized costs had not yet been placed in service and were therefore not being amortized.

The largest component of property and equipment is rental equipment which we manufacture internally and also purchase from third parties. Our customers use the rental equipment to perform Cardiac Safety, Respiratory and ePRO tests and collect and send the related data to us. We provide this equipment to customers primarily through rentals via cancellable agreements although, in some cases, we sell equipment outright to customers on a non-recourse basis. The equipment rentals and sales are included in our services agreements with our customers and the decision to rent or buy equipment is made by our customers prior to the start of the study. The decision to buy rather than rent is usually predicated upon the economics to the customer based upon the length of the study and the number of diagnostic tests to be performed each month. The longer the study and the fewer the number of tests performed, the more likely it is that the customer may request to purchase equipment rather than rent. Regardless of whether the customer rents or buys

the equipment, we consider the resulting cash flow to be part of our operations and reflect it as such in our consolidated statements of cash flows.

Our services agreements contain multiple elements. As a result, significant contract interpretation is sometimes required to determine the appropriate accounting. In doing so, we consider factors such as whether the deliverables specified in a multiple element arrangement should be treated as separate units of accounting for revenue recognition purposes and, if so, how the contract value should be allocated among the deliverable elements and when to recognize revenue for each element.

The gross cost for rental equipment was $56.2 million and $66.7 million at December 31, 2010 and September 30, 2011, respectively. The accumulated depreciation for rental equipment was $35.9 million and $44.8 million at December 31, 2010 and September 30, 2011, respectively.

Goodwill

The carrying value of goodwill was $71.6 million and $75.2 million as of December 31, 2010 and September 30, 2011, respectively. The change in goodwill was due to foreign currency translation. See Note 4 for additional disclosure regarding the RS and Covance Cardiac Safety Services (CCSS) acquisitions. Goodwill is not amortized but is subject to an impairment test at least annually. We perform the impairment test annually as of December 31 or more frequently if events or circumstances indicate that the value of goodwill might be impaired. No provisions for goodwill impairment were recorded during 2010 or during the nine months ended September 30, 2011.

When it is determined that the carrying value of goodwill may not be recoverable, measurement of any impairment will be based on a projected discounted cash flow method using a discount rate commensurate with the risk inherent in the current business model.

Long-lived Assets

When events or circumstances so indicate, we assess the potential impairment of our long-lived assets based on anticipated undiscounted cash flows from the assets. Such events and circumstances include a sale of all or a significant part of the operations associated with the long-lived asset, or a significant decline in the operating performance of the asset. If an impairment is indicated, the amount of the impairment charge would be calculated by comparing the anticipated discounted future cash flows to the carrying value of the long-lived asset. No impairment was indicated during either of the nine-month periods ended September 30, 2010 or 2011.

Software Development Costs

Research and development expenditures related to software development are charged to operations as incurred. We capitalize certain software development costs subsequent to the establishment of technological feasibility. Because software development costs have not been significant after the establishment of technological feasibility, all such costs have been charged to expense as incurred.

Share-Based Compensation

Accounting for Share-Based Compensation

Share-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. The aggregate share-based compensation expense recorded in the consolidated statements of operations was $0.6 million and $0.7 million for the three months ended September 30, 2010 and 2011, respectively and $2.1 million and $2.2 million for the nine months ended September 30, 2010 and 2011, respectively.

Valuation Assumptions for Options Granted

The fair value of each stock option granted during the nine months ended September 30, 2010 and 2011 was estimated at the date of grant using Black-Scholes, assuming no dividends and using the weighted-average valuation assumptions noted in the following table.

	2010	2011
Risk-free interest rate	2.44 %	2.18 %
Expected dividend yield	0.00 %	0.00 %
Expected life	3.8 years	4.2 years
Expected volatility	61.73 %	59.27 %

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time outstanding) of the stock options granted was estimated using the historical exercise behavior of employees. Expected volatility was based on historical volatility for a period equal to the stock option's expected life, calculated on a daily basis. Fluctuations in the market that affect these estimates could have an impact on the resulting compensation cost. The above assumptions were used to determine the weighted-average per share fair value of $3.24 and $3.07 for stock options granted during the first nine months of 2010 and 2011, respectively.

Equity Incentive Plans

In 1996, we adopted a stock option plan (the "1996 Plan") that authorized the grant of both incentive and non-qualified options to acquire up to 9,450,000 shares of the Company's common stock, as subsequently amended. Our Board of Directors determined the exercise price of the options under the 1996 Plan. The exercise price of incentive stock options was not below the market value of the common stock on the grant date. Incentive stock options under the 1996 Plan expire ten years from the grant date and are exercisable in accordance with vesting provisions set by the Board, which generally are over three to five years. No additional options have been granted under this plan, as amended, since December 31, 2003 and no additional options may be granted thereunder in accordance with the terms of the 1996 Plan.

In May 2003, the stockholders approved a new stock option plan (the "2003 Plan") that authorized the grant of both incentive and non-qualified options to acquire shares of our common stock and provided for an annual option grant of 10,000 shares to each outside director. The Compensation Committee of our Board of Directors determines or makes recommendations to our Board of Directors regarding the recipients of option grants, the exercise price and other terms of the options under the 2003 Plan. The exercise price of incentive stock options may not be set below the market value of the common stock on the grant date. Incentive stock options under the 2003 Plan expire ten years from the grant date, or at the end of such shorter period as may be designated by the Compensation Committee, and are exercisable in accordance with vesting provisions set by the Compensation Committee, which generally are over four years.

On April 26, 2007, the stockholders approved the adoption of the Company's Amended and Restated 2003 Equity Incentive Plan (the "Amended 2003 Plan") which included prohibition on repricing of any stock options granted under the Plan unless the stockholders approve such repricing and permitted awards of stock appreciation rights, restricted stock, long term performance awards and performance shares in addition to grants of stock options. On April 29, 2009 the Board of Directors approved a revised amendment to the Amended 2003 Plan that provides for the inclusion of restricted stock units in addition to the other equity-based awards authorized thereunder and eliminated the fixed option grants to outside directors. Restricted stock was granted for the first time in 2010 and is being recorded as compensation expense over the one-year to four-year vesting period for grants to the Company's directors and management. On April 28, 2011, our stockholders approved an amendment to the Amended 2003 Plan that increased the number of shares reserved for issuance thereunder by 3.5 million shares. In accordance with the terms of the Amended 2003 Plan, there are a total of 10,818,625 shares reserved for issuance under the Amended 2003 Plan and there were 4,449,227 shares available for grant as of September 30, 2011.

Information regarding the stock option and equity incentive plans for the nine months ended September 30, 2011 is as follows:

Share Options	Shares	Weighted Average Exercise Price	Remaining Contractual Term (in years)	Intrinsic Value (in thousands)
Outstanding as of January 1, 2011	4,727,943	$9.36		
Granted	1,011,474	6.41		
Exercised	(240,554)	3.21		
Cancelled/forfeited	(414,655)	9.31		
Outstanding as of September 30, 2011	5,084,208	$9.07	4.1	$68
Options exercisable or expected to vest at September 30, 2011	4,787,224	$9.24	4.0	$68
Options exercisable at September 30, 2011	3,104,313	$10.75	3.0	$68

Restricted Stock	Shares	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2011	153,785	$6.28
Granted	196,254	6.41
Vested	(52,550)	6.60
Cancelled/forfeited	(4,410)	7.37
Outstanding as of September 30, 2011	293,079	$6.29

The aggregate intrinsic value in the share options table above represents the total pre-tax intrinsic value (the difference between the closing price of our common stock on the last trading day of the second quarter of 2011 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 30, 2011. This amount changes based on the fair market value of the Company's common stock. The total intrinsic value of options exercised for the nine months ended September 30, 2010 and 2011 was approximately $0.2 million and $0.7 million, respectively.

As of September 30, 2011, there was $5.8 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements (including stock options and restricted stock awards) granted under the plans. That cost is expected to be recognized over a weighted-average period of 2.4 years.

Tax Effect Related to Share-based Compensation Expense

Income tax effects of share-based payments are recognized in the consolidated financial statements for those awards that will normally result in tax deductions under existing tax law. Under current U.S. federal tax law, we receive a compensation expense deduction related to non-qualified stock options only when those options are exercised. Accordingly, the consolidated financial statement recognition of compensation cost for non-qualified stock options creates a deductible temporary difference which results in a deferred tax asset and a corresponding deferred tax benefit in the consolidated statements of operations. We do not recognize a tax benefit for compensation expense related to incentive stock options (ISOs) unless the underlying shares are

disposed of in a disqualifying disposition. Accordingly, compensation expense related to ISOs is treated as a permanent difference for income tax purposes. The tax benefit recognized in our consolidated statements of operations for each of the nine-month periods ended September 30, 2010 and 2011 related to stock-based compensation expense was approximately $0.3 million.

Income Taxes

Income Taxes [Abstract]
Income Taxes

9 Months Ended
Sep. 30, 2011

Note 11. Income Taxes

At December 31, 2010 and September 30, 2011, we had $0.5 million and $0.3 million, respectively, of unrecognized tax benefits, all of which would affect our effective tax rate if recognized. We recognize interest and penalties related to unrecognized tax benefits in income tax expense. The tax years 2006 through 2010 remain open to examination by the major taxing jurisdictions to which we are subject.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2006. The examination of our 2006 and 2007 UK income tax returns by HM Revenue and Customs concluded in 2011 with no net adjustment. As a result, we reversed the $0.2 million reserve for unrecognized tax benefits during the three months ended June 30, 2011, in connection with this examination that we initially recorded in the fourth quarter of 2010.

Our effective income tax rate was 31.7% and 25.4% for the three months ended September 30, 2010 and 2011, respectively, and 35.7% and 24.5% for the nine months ended September 30, 2010 and 2011, respectively. Our effective income tax rate for the three and nine months ended September 30, 2011 benefited from the lower tax rates applicable to the RS operations in Germany, the organizational restructuring activities undertaken during the latter half of 2010 and the $0.2 million reversal of the provision for unrecognized tax benefits noted above. The corporate income tax rate for the United Kingdom was reduced from 28% to 26% after receiving Royal Assent in July 2011, retroactive to April 2011.

Consolidated Balance Sheets (Unaudited) (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Current Assets:		
Cash and cash equivalents	$ 29,535	$ 30,343
Short-term investments	50	50
Investment in marketable securities	810	648
Accounts receivable, less allowance for doubtful accounts of $549 and $515, respectively	40,456	37,236
Inventory	10,591	4,698
Prepaid income taxes	2,091	1,988
Prepaid expenses and other	5,294	4,393
Deferred income taxes	3,548	3,431
Total current assets	92,375	82,787
Property and equipment, net	51,761	42,615
Goodwill	75,230	71,637
Intangible assets	13,080	17,187
Other assets	691	609
Total assets	233,137	214,835
Current Liabilities:		
Accounts payable	6,147	7,136
Accrued expenses	14,105	16,162
Deferred revenues	13,599	11,670
Total current liabilities	33,851	34,968
Deferred rent	2,450	2,368
Deferred income taxes	4,727	3,703
Long-term debt	21,000	21,000
Other liabilities	1,998	2,141
Total liabilities	64,026	64,180
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock - $10.00 par value, 500,000 shares authorized, none issued and outstanding		
Common stock - $.01 par value, 175,000,000 shares authorized, 60,837,849 and 60,460,782 shares issued, respectively	608	605
Additional paid-in capital	103,487	100,441
Accumulated other comprehensive (loss) income	4,707	(1,545)
Retained earnings	140,238	131,037
Treasury stock, 11,596,966 and 11,589,603 shares at cost, respectively	(79,929)	(79,883)
Total stockholders' equity	169,111	150,655
Total liabilities and stockholders' equity	$ 233,137	$ 214,835