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

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): February 22, 2006

KLA-TENCOR CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

000-09992
(Commission File Number)

04-2564110
(IRS Employer Identification No.)

160 Rio Robles
San Jose, California 95134
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (408) 875-3000

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

TABLE OF CONTENTS

[Item 1.01 Entry into a Material Definitive Agreement](#)

[Item 9.01 Financial Statements and Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[EXHIBIT 2.1](#)

[EXHIBIT 99.1](#)

Item 1.01 Entry into a Material Definitive Agreement

On February 22, 2006, KLA-Tencor Corporation (“KLA-Tencor”) entered into a definitive Agreement and Plan of Merger (the “Merger Agreement”) with ADE Corporation (“ADE”) and South Acquisition Corporation, a wholly-owned subsidiary of KLA-Tencor (the “Merger Sub”). The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into ADE, with ADE as the surviving corporation and a wholly-owned subsidiary of KLA-Tencor (the “Merger”).

At the effective time and as a result of the Merger, each share of ADE common stock will be converted into the right to receive 0.64 shares of KLA-Tencor common stock. Consummation of the Merger is subject to customary closing conditions, including antitrust approvals and approval by the stockholders of ADE. ADE’s directors and executive officers, who together hold approximately 27% of ADE’s outstanding common stock, have agreed to vote the shares of ADE common stock that they beneficially own in favor of the Merger. A copy of the Merger Agreement is attached hereto as Exhibit 2.1 and is incorporated herein by reference. A copy of the press release issued by KLA-Tencor on February 23, 2006, concerning the transaction is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

Additional Information and Where to Find It

This document may be deemed to be solicitation material in respect of the proposed business combination of KLA-Tencor and ADE. In connection with the proposed transaction, a registration statement on Form S-4 will be filed by KLA-Tencor with the SEC. STOCKHOLDERS OF ADE ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS THAT WILL BE PART OF THE REGISTRATION STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The final proxy statement/prospectus will be mailed to stockholders of ADE and stockholders may obtain a free copy of the disclosure documents (when they become available) and other documents filed by ADE and KLA-Tencor with the SEC at the SEC’s website at www.sec.gov, from ADE Corporation, 80 Wilson Way, Westwood, Massachusetts 02090, Attention: Chief Financial Officer, or from KLA-Tencor Corporation, 160 Rio Robles, San Jose, California 95134, Attention: General Counsel.

KLA-Tencor, ADE and their respective directors and executive officers and other members of management and employees may be deemed to participate in the solicitation of proxies in respect of the proposed transactions. Information regarding KLA-Tencor’s directors and executive officers is available in KLA-Tencor’s proxy statement for its 2005 annual meeting of stockholders, which was filed with the SEC on October 13, 2005, and information regarding ADE’s directors and executive officers is available in ADE’s annual report on Form 10-K for the year ended April 30, 2005, and its proxy statement for its 2005 annual meeting of stockholders, which are filed with the SEC. Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger among KLA-Tencor Corporation, ADE Corporation, and South Acquisition Corporation, dated February 22, 2006
99.1	Press Release issued by KLA-Tencor Corporation dated February 23, 2006

SIGNATURES

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

KLA-TENCOR CORPORATION

Date: February 23, 2006

By: /s/ Stuart J. Nichols

Name: Stuart J. Nichols

Title: Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger among KLA-Tencor Corporation, ADE Corporation, and South Acquisition Corporation, dated February 22, 2006
99.1	Press Release issued by KLA-Tencor Corporation dated February 23, 2006

AGREEMENT AND PLAN OF MERGER

dated as of

February 22, 2006

among

KLA-TENCOR CORPORATION,

ADE CORPORATION

and

SOUTH ACQUISITION CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1	
Definitions	
Section 1.01.	<i>Definitions</i> 1
Section 1.02.	<i>Other Definitional and Interpretative Provisions</i> 7
ARTICLE 2	
The Merger	
Section 2.01.	<i>The Merger</i> 7
Section 2.02.	<i>Conversion of Shares</i> 8
Section 2.03.	<i>Surrender and Payment</i> 9
Section 2.04.	<i>Stock Options</i> 10
Section 2.05.	<i>Adjustments</i> 12
Section 2.06.	<i>Fractional Shares</i> 12
Section 2.07.	<i>Withholding Rights</i> 12
Section 2.08.	<i>Lost Certificates</i> 13
ARTICLE 3	
The Surviving Corporation	
Section 3.01.	<i>Articles of Organization</i> 13
Section 3.02.	<i>Bylaws</i> 13
Section 3.03.	<i>Directors and Officers</i> 13
ARTICLE 4	
Representations and Warranties of the Company	
Section 4.01.	<i>Corporate Existence and Power</i> 13
Section 4.02.	<i>Corporate Authorization</i> 14
Section 4.03.	<i>Governmental Authorization</i> 14
Section 4.04.	<i>Non-Contravention</i> 15
Section 4.05.	<i>Capitalization</i> 15
Section 4.06.	<i>Subsidiaries</i> 16
Section 4.07.	<i>SEC Filings and the Sarbanes-Oxley Act</i> 16
Section 4.09.	<i>Disclosure Documents</i> 18
Section 4.10.	<i>Absence of Certain Changes</i> 19
Section 4.11.	<i>No Undisclosed Material Liabilities</i> 21
Section 4.12.	<i>Compliance with Laws and Court Orders</i> 21
Section 4.13.	<i>Litigation; Investigations</i> 21
Section 4.14.	<i>Agreements, Contracts and Commitments</i> 22
Section 4.15.	<i>Finders' Fees</i> 23
Section 4.16.	<i>Opinion of Financial Advisor</i> 23

Section 4.17.	<i>Interested Party Transactions</i>	24
Section 4.18.	<i>Intellectual Property</i>	24
Section 4.19.	<i>Taxes</i>	26
Section 4.20.	<i>Tax Treatment</i>	27
Section 4.21.	<i>Properties and Assets</i>	27
Section 4.22.	<i>Employee Benefit Plans</i>	28
Section 4.23.	<i>Environmental Matters</i>	30
Section 4.24.	<i>Antitakeover Statutes</i>	31

ARTICLE 5

Representations and Warranties of Parent and Merger Subsidiary

Section 5.01.	<i>Corporate Existence and Power</i>	31
Section 5.02.	<i>Corporate Authorization</i>	32
Section 5.03.	<i>Governmental Authorization</i>	32
Section 5.04.	<i>Non-Contravention</i>	32
Section 5.05.	<i>SEC Filings and the Sarbanes-Oxley Act</i>	33
Section 5.06.	<i>Financial Statements</i>	34
Section 5.07.	<i>No Undisclosed Material Liabilities</i>	34
Section 5.08.	<i>Disclosure Documents</i>	34
Section 5.09.	<i>Finders' Fees</i>	35
Section 5.10.	<i>Tax Treatment</i>	35
Section 5.11.	<i>Ownership of Merger Subsidiary; No Prior Activities</i>	35
Section 5.12.	<i>No Stockholder Vote Required</i>	35

ARTICLE 6

Covenants of the Company

Section 6.01.	<i>Conduct of the Company</i>	35
Section 6.02.	<i>Stockholder Meeting; Proxy Material</i>	38
Section 6.03.	<i>No Solicitation; Other Offers</i>	38
Section 6.04.	<i>Access to Information</i>	40
Section 6.05.	<i>Tax Matters</i>	41

ARTICLE 7

Covenants of Parent

Section 7.01.	<i>Obligations of Merger Subsidiary</i>	41
Section 7.02.	<i>Voting of Shares</i>	41
Section 7.03.	<i>Director and Officer Liability</i>	42
Section 7.04.	<i>Stock Exchange Listing</i>	43
Section 7.05.	<i>Blue Sky Laws</i>	43
Section 7.06.	<i>Employee Benefits Plans</i>	43

ARTICLE 8
Covenants of Parent and the Company

Section 8.01.	<i>Reasonable Best Efforts</i>	44
Section 8.02.	<i>Certain Filings</i>	45
Section 8.03.	<i>Public Announcements</i>	46
Section 8.04.	<i>Further Assurances</i>	46
Section 8.05.	<i>Notices of Certain Events</i>	46
Section 8.06.	<i>Tax-Free Reorganization</i>	47
Section 8.07.	<i>Affiliates</i>	47
Section 8.08.	<i>Certain Section 16 Matters</i>	47

ARTICLE 9
Conditions to the Merger

Section 9.01.	<i>Conditions to the Obligations of Each Party</i>	48
Section 9.02.	<i>Conditions to the Obligations of Parent and Merger Subsidiary</i>	48
Section 9.03.	<i>Conditions to the Obligations of the Company</i>	49

ARTICLE 10
Termination

Section 10.01.	<i>Termination</i>	50
Section 10.02.	<i>Effect of Termination</i>	52

ARTICLE 11
Miscellaneous

Section 11.01.	<i>Notices</i>	53
Section 11.02.	<i>Survival of Representations and Warranties</i>	54
Section 11.03.	<i>Amendments and Waivers</i>	54
Section 11.04.	<i>Expenses</i>	54
Section 11.05.	<i>Disclosure Schedule References</i>	55
Section 11.06.	<i>Binding Effect; Benefit; Assignment</i>	55
Section 11.07.	<i>Governing Law</i>	55
Section 11.08.	<i>Jurisdiction</i>	55
Section 11.09.	<i>WAIVER OF JURY TRIAL</i>	56
Section 11.10.	<i>Counterparts; Effectiveness</i>	56
Section 11.11.	<i>Entire Agreement</i>	56
Section 11.12.	<i>Severability</i>	56
Section 11.13.	<i>Specific Performance</i>	57

Schedule A	Company Disclosure Schedule
Exhibit A	Form of Voting Agreement
Exhibit B	Form of Rule 145 Letter
Exhibit C	Form of Parent Tax Representations Letter
Exhibit D	Form of Company Tax Representations Letter

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "**Agreement**") dated as of February 22, 2006 among KLA-Tencor Corporation, a Delaware corporation ("**Parent**"), ADE Corporation, a Massachusetts corporation (the "**Company**"), and South Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Parent ("**Merger Subsidiary**").

WHEREAS, upon the terms and subject to the conditions of this Agreement, Parent and the Company will enter into a business combination transaction pursuant to which Merger Subsidiary will merge with and into the Company;

WHEREAS, concurrently with the execution of this Agreement, and as a condition and inducement to Parent's and Merger Subsidiary's willingness to enter into this Agreement, each Person listed on Annex A hereto shall enter into a voting agreement in the form attached hereto as Exhibit A;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 Definitions

Section 1.01 . *Definitions.* (a) As used herein, the following terms have the following meanings:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry relating to, or any Third Party indication of interest in, (i) any acquisition or purchase, direct or indirect, of 20% or more of the consolidated assets of the Company and its Subsidiaries or 20% or more of any class of equity or voting securities of the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute more than 20% of the consolidated assets of the Company, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such Third Party beneficially owning 20% or more of any class of equity or voting securities of the Company or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Company or any of its Subsidiaries that, if consummated, would result in such Third Party or its stockholders beneficially owning 20% or more of any class of equity or voting securities of the Company or the surviving entity in such transaction.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person.

“**Applicable Law**” means, with respect to any Person, any Law that is binding upon or applicable to such Person.

“**Business Day**” means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by Applicable Law to close.

“**Closing Date**” means the date of the Closing.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company Balance Sheet**” means the consolidated balance sheet of the Company as of April 30, 2005, and the footnotes thereto set forth in the Company 10-K.

“**Company Balance Sheet Date**” means April 30, 2005.

“**Company Common Stock**” means the common stock, \$0.01 par value per share, of the Company.

“**Company Disclosure Schedule**” means the Company Disclosure Schedule attached hereto as Schedule A.

“**Company Stock Option Plans**” means the Company’s 2000 Employee Stock Option Plan, 1997 Employee Stock Option Plan and 1995 Stock Option Plan, in each case as amended.

“**Company 10-K**” means the Company’s annual report on Form 10-K for the fiscal year ended April 30, 2005.

“**Delaware Law**” means the General Corporation Law of the State of Delaware.

“**Environmental Laws**” means any Applicable Laws or any agreement with any Governmental Authority or other third party, relating to human health and safety, the environment or to Hazardous Substances.

“**Environmental Permits**” means all permits, licenses, franchises, certificates, approvals and other similar authorizations of Governmental Authorities relating to or required by Environmental Laws and affecting, or relating to, the business of the Company or any Subsidiary as currently conducted.

“**ERISA**” means the Employee Retirement Income Security Act of 1974.

“**ERISA Affiliate**” of any entity means any other entity that, together with such entity, would be treated as a single employer under Section 414 of the Code.

“**Exchange Ratio**” means 0.64.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Governmental Authority**” means any transnational, domestic or foreign federal, state or local, governmental authority, department, court, agency or official, including any political subdivision thereof.

“**Hazardous Substance**” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, including any substance, waste or material regulated under any Environmental Law.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“**Intellectual Property**” shall mean the rights associated with trademarks, service marks, trade names, and internet domain names, together with registrations and applications related to the foregoing; patents and industrial design registrations or applications (including any continuations, divisionals, continuations-in-part, renewals, reissues, re-examinations and applications for any of the foregoing); rights in works of authorship protected by copyright for E.U. design registrations; copyrights (including any registrations and applications for any of the foregoing); rights in mask works and trade secrets and other confidential information, know-how, proprietary processes, formulae, algorithms, models and methodologies.

“**International Plan**” means any employment, severance or similar contract or arrangement (whether or not written) or any plan, policy, fund, program or arrangement or contract providing for severance, insurance coverage (including any self-insured arrangements), workers’ compensation, disability benefits, supplemental unemployment benefits, vacation benefits, pension or retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement insurance, compensation or benefits that (i) is not an Employee Plan, (ii) is entered into, maintained, administered or contributed to by the Company or any of its Affiliates and (iii) covers any employee or former employee of the Company or any of its Subsidiaries.

“**Knowledge**” of the Company means the actual knowledge of the employees of the Company set forth in the Company Disclosure Schedule. The Company employees so listed on the Company Disclosure Schedule are referred to herein as the “**Company Senior Employees**.”

“**Law**” means any domestic or foreign federal, state, provincial, local, municipal or other law, statute, code, constitution, treaty, convention, ordinance, rule, regulation, administrative, executive or other order (whether temporary, preliminary or permanent) of any Governmental Authority, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding entered or imposed by any Governmental Authority, in any case that are in force as of the date hereof or that come into force during the term of this Agreement, and as amended unless expressly specified otherwise.

“**Lien**” means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset, other than Permitted Liens. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset (unless such interest constitutes a Permitted Lien).

“**Massachusetts Law**” means the Massachusetts Business Corporation Act (Massachusetts General Laws Chapter 156D), unless (and solely to the limited extent that) the Business Corporation Law of the Commonwealth of Massachusetts (Massachusetts General Laws Chapter 156B) is otherwise applicable, in which case, it shall mean the Business Corporation Law of the Commonwealth of Massachusetts (Massachusetts General Laws Chapter 156B).

“**Material Adverse Effect**” means, with respect to any Person, a material adverse effect on the condition (financial or otherwise), business, assets or results of operations of such Person and its Subsidiaries, taken as a whole; provided, however, that none of the following shall be deemed by itself or by themselves, either alone or in combination, to constitute a Material Adverse Effect on such Person: (i) any change in the market price or trading volume of such Person; (ii) with respect to the Company, any adverse effect resulting from or arising out of the execution, delivery, announcement or performance of its obligations under this Agreement or the announcement, pendency or anticipated consummation of the Merger; (iii) any change arising out of conditions affecting the economy or industry of such Person in general which does not affect such Person in a materially disproportionate manner relative to other participants in the economy or such industry, respectively; or (iv) with respect to the Company, any short-term adverse change in the Company’s revenues, gross margins or earnings (including any short-term delay in, or reduction or cancellation of, orders of the Company’s products), except for such changes as in the aggregate would be reasonably expected to have (in light of all relevant facts and circumstances) a material adverse impact on the Company’s earnings power over a commercially reasonable period of time (which period of time shall not be less than one year).

“**Nasdaq**” means the Nasdaq National Market.

“**1933 Act**” means the Securities Act of 1933, as amended.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended.

“**Parent Balance Sheet**” means the consolidated balance sheet of Parent as of June 30, 2005, and the footnotes therein set forth in the Parent 10-K.

“**Parent Balance Sheet Date**” means June 30, 2005.

“**Parent Common Stock**” means the common stock, \$0.001 par value per share, of Parent.

“**Parent 10-K**” means Parent’s annual report on Form 10-K for the fiscal year ended June 30, 2005.

“**Permitted Liens**” means (i) mechanic’s and other similar statutory liens that are not material in nature or amount, (ii) liens for Taxes or other governmental charges not yet due and payable or due but not delinquent or that are being contested in good faith and reflected in financial statements of the Company contained within a Company SEC Document, (iii) liens for which adequate reserves have been established on the books of the Company; *provided* that such reserves are reflected in the Company Balance Sheet, (iv) restrictions on transfers of securities under applicable securities Laws, and (v) liens that do not materially impair the use or operation of the property or assets subject thereto.

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“**Registered Intellectual Property**” means U.S. and foreign (i) patents and pending patent applications, (ii) trademark registrations (including Internet domain registrations) and pending trademark applications, and (iii) copyright registrations and pending copyright applications.

“**Sarbanes-Oxley Act**” means the Sarbanes-Oxley Act of 2002.

“**SEC**” means the Securities and Exchange Commission.

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

“**Third Party**” means any Person, including as defined in Section 13(d) of the 1934 Act, other than Parent or any of its Affiliates.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Adverse Recommendation Change	6.03
Agreement	Preamble
Certificates	2.03
Closing	2.01
Company	Preamble
Company Board Recommendation	4.02
Company ESPP	7.06
Company Material Contracts	4.14
Company Preferred Stock	4.05
Company Proprietary Product	4.18
Company Real Property Leases	4.21
Company Registered Intellectual Property	4.18
Company SEC Documents	4.07
Company Securities	4.05
Company Stockholder Approval	4.02
Company Stockholder Meeting	6.02
Company Stock Option	2.04
Company Subsidiary Securities	4.06
Confidentiality Agreement	6.03
Continuing Employees	7.06
Effective Time	2.01
Employee Plans	4.22
End Date	10.01
Exchange Agent	2.03
Indemnified Person	7.03
Internal Controls	4.07
Merger	2.01
Merger Consideration	2.02
Merger Subsidiary	Preamble
Multiemployer Plan	4.22
Parent	Preamble
Parent SEC Documents	5.05
Parent ESPP	7.06
Payment Event	11.04
Registration Statement	4.09
Proxy Statement	4.09
Superior Proposal	6.03
Surviving Corporation	2.01
Tax	4.19
Taxing Authority	4.19
Tax Return	4.19
Tax Sharing Agreements	4.19
368 Reorganization	4.20
Uncertificated Shares	2.03

Section 1.02. *Other Definitional and Interpretative Provisions.* The words “hereof”, “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import. “Writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any agreement or contract listed on any schedules hereto, all material amendments, modifications or supplements must also be listed in the appropriate schedule. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to “law”, “laws” or to a particular statute or law shall be deemed also to include any Applicable Law.

ARTICLE 2
The Merger

Section 2.01. *The Merger.* (a) At the Effective Time, Merger Subsidiary shall be merged (the “**Merger**”) with and into the Company in accordance with Delaware Law and Massachusetts Law, whereupon the separate existence of Merger Subsidiary shall cease, and the Company shall be the surviving corporation (the “**Surviving Corporation**”).

(b) As soon as practicable (and in any event not later than two Business Days) after satisfaction or, to the extent permitted hereunder, waiver of all conditions to the Merger set forth in Article 9, other than conditions that by their

nature are to be satisfied at the Closing and will in fact be satisfied or waived at the Closing, the Company and Merger Subsidiary shall file a certificate of merger and articles of merger with the Delaware Secretary of State and the Massachusetts Secretary of State, respectively, and make all other filings or recordings required by Delaware Law and Massachusetts Law in connection with the Merger. The Merger shall become effective at such time (the “**Effective Time**”) as the certificate of merger and the articles of merger are duly filed with the Delaware Secretary of State and the Massachusetts Secretary of State in accordance with Delaware Law and Massachusetts Law.

(c) From and after the Effective Time, the Surviving Corporation shall possess all the rights, powers, privileges and franchises and be subject to all of the obligations, liabilities, restrictions and disabilities of the Company and Merger Subsidiary, all as provided under Delaware Law and Massachusetts Law.

(d) Upon the terms and subject to the conditions set forth herein, the consummation of the Merger (the “**Closing**”) will take place on the date on which the Effective Time occurs, unless this Agreement has been theretofore terminated pursuant to its terms or unless another time or date is agreed to in writing by the parties hereto. The Closing shall be held at the offices of Sullivan & Worcester LLP, One Post Office Square, Boston, Massachusetts 02109, unless another place is agreed to in writing by the parties hereto.

Section 2.02. *Conversion of Shares.* At the Effective Time:

(a) except as otherwise provided in Sections 2.05 and 2.06, each share of Company Common Stock outstanding immediately prior to the Effective Time shall be converted into the right to receive the number of shares of Parent Common Stock represented by the Exchange Ratio (together with the cash in lieu of fractional shares of Parent Stock as specified in Section 2.06, the “**Merger Consideration**”);

(b) each share of Company Common Stock held by the Company as treasury stock or owned by Parent or any of its Subsidiaries immediately prior to the Effective Time shall be canceled, and no payment shall be made with respect thereto;

(c) each share of common stock of Merger Subsidiary outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation; and

(d) the shares of Parent Common Stock to be issued as part of the Merger Consideration will have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will have been validly

issued and will be fully paid and nonassessable and the issuance thereof will not be subject to any preemptive or other similar right.

Section 2.03. *Surrender and Payment.* (a) Prior to the Effective Time, Parent shall appoint an agent (the “**Exchange Agent**”) for the purpose of exchanging for the Merger Consideration (i) certificates representing shares of Company Common Stock (the “**Certificates**”) or (ii) uncertificated shares of Company Common Stock (the “**Uncertificated Shares**”). Promptly (and in any event within five Business Days) after the Effective Time, Parent shall make available to the Exchange Agent, the Merger Consideration to be paid in respect of the Certificates and the Uncertificated Shares. Promptly (and in any event within five Business Days) after the Effective Time, Parent shall send, or shall cause the Exchange Agent to send, to each holder of shares of Company Common Stock at the Effective Time a letter of transmittal and instructions (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the Certificates or transfer of the Uncertificated Shares to the Exchange Agent) for use in such exchange.

(b) Each holder of shares of Company Common Stock that have been converted into the right to receive the Merger Consideration shall be entitled to receive, upon (i) surrender to the Exchange Agent of a Certificate, together with a properly completed letter of transmittal, or (ii) receipt of an “agent’s message” by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request) in the case of a book-entry transfer of Uncertificated Shares, the Merger Consideration in respect of the Company Common Stock represented by a Certificate or Uncertificated Share. The shares of Parent Common Stock included in such Merger Consideration, at Parent’s option, shall be in uncertificated book-entry form, unless a physical certificate is requested by a holder of shares of Company Common Stock or is otherwise required under Applicable Law. Until so surrendered or transferred, as the case may be, each such Certificate or Uncertificated Share shall represent after the Effective Time for all purposes only the right to receive such Merger Consideration.

(c) If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name the surrendered Certificate or the transferred Uncertificated Share is registered, it shall be a condition to such payment that (i) either such Certificate shall be properly endorsed or shall otherwise be in proper form for transfer or such Uncertificated Share shall be properly transferred and (ii) the Person requesting such payment shall pay to the Exchange Agent any transfer or other taxes required as a result of such payment to a Person other than the registered holder of such Certificate or Uncertificated Share or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no further registration of transfers of shares of Company Common Stock. If, after the Effective Time, Certificates or Uncertificated Shares are presented to the Surviving Corporation, they shall be canceled and exchanged for the Merger Consideration provided for, and in accordance with the procedures set forth, in this Article 2.

(e) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.03(a) that remains unclaimed by the holders of shares of Company Common Stock twelve months after the Effective Time shall be returned to Parent, upon demand, and any such holder who has not exchanged shares of Company Common Stock for the Merger Consideration in accordance with this Section 2.03 prior to that time shall thereafter look only to Parent for payment of the Merger Consideration, and any dividends and distributions with respect thereto, in respect of such shares without any interest thereon. Notwithstanding the foregoing, Parent shall not be liable to any holder of shares of Company Common Stock for any amounts paid to a public official pursuant to applicable abandoned property, escheat or similar laws. Any amounts remaining unclaimed by holders of shares of Company Common Stock two years after the Effective Time (or such earlier date, immediately prior to such time when the amounts would otherwise escheat to or become property of any Governmental Authority) shall become, to the extent permitted by Applicable Law, the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.

(f) No dividends or other distributions with respect to securities of Parent constituting part of the Merger Consideration, and no cash payment in lieu of fractional shares as provided in Section 2.06, shall be paid to the holder of any Certificates not surrendered or of any Uncertificated Shares not transferred until such Certificates or Uncertificated Shares are surrendered or transferred, as the case may be, as provided in this Section. Following such surrender or transfer, there shall be paid, without interest, to the Person in whose name the securities of Parent have been registered, (i) at the time of such surrender or transfer, the amount of any cash payable in lieu of fractional shares to which such Person is entitled pursuant to Section 2.06 and the amount of all dividends or other distributions with a record date after the Effective Time previously paid or payable on the date of such surrender with respect to such securities, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and prior to surrender or transfer and with a payment date subsequent to surrender or transfer payable with respect to such securities.

Section 2.04. *Stock Options.* (a) Subject to Section 2.04(b), as of the Effective Time, each stock option outstanding under any stock option or compensation plan, agreement or arrangement of the Company (each, a “**Company Stock Option**”) that is outstanding immediately prior to the Effective

Time, whether or not then vested or exercisable, shall cease to represent a right to acquire Company Common Stock and shall be converted automatically into an option to purchase shares of Parent Common Stock on substantially the same terms and conditions (including vesting schedule) as applied to such Company Stock Option immediately prior to the Effective Time, except that (i) the number of shares of Parent Common Stock subject to each assumed Company Stock Option shall be determined by multiplying (A) the number of shares of Company Common Stock subject to such Company Stock Option by (B) the Exchange Ratio (such product to be rounded down to the nearest whole share); and (ii) the per share exercise price for the shares of Parent Common Stock issuable upon exercise of such assumed Company Stock Option will be equal to the quotient determined by dividing (A) the per share exercise price for the shares of Company Common Stock in respect of which such Company Stock Option was exercisable immediately prior to the Effective Time by (B) the Exchange Ratio.

(b) At or immediately prior to the Effective Time, each Company Stock Option held by a non-employee director or former director of the Company outstanding under any employee stock option or compensation plan or arrangement of the Company, whether or not exercisable or vested, shall be canceled, and the Company shall pay each such holder at or promptly after the Effective Time for each such option an amount in cash determined by multiplying (i) the excess, if any, of (A) the Exchange Ratio multiplied by the closing price per share of Parent Common Stock on the Nasdaq (as reported by Bloomberg Financial markets or such other source as the parties shall agree in writing) on the Business Day immediately prior to the Closing Date over (B) the applicable exercise price of such option by (ii) the number of shares of Company Common Stock such holder could have purchased (assuming full vesting of all options) had such holder exercised such option in full immediately prior to the Effective Time.

(c) Prior to the Effective Time, the Company shall (i) use its commercially reasonable efforts to obtain any consents from holders of options to purchase shares of Company Common Stock granted under the Company's stock option or compensation plans or arrangements and (ii) make any amendments to the terms of such stock option or compensation plans or arrangements that are necessary to give effect to the transactions contemplated by this Section 2.04. Notwithstanding any other provision of this Section 2.04, payment may be withheld in respect of any employee stock option until such necessary consents are obtained.

(d) Parent shall take such actions as are necessary for the assumption of Company Stock Options pursuant to this Section 2.04, including the reservation, issuance and listing of Parent Common Stock as is necessary to effectuate the transactions contemplated by this Section 2.04. Parent shall prepare and file with the SEC a registration statement on an appropriate form, or a post-effective amendment to a registration statement previously filed under the 1933 Act, with

respect to the shares of Parent Common Stock subject to such assumed Company Stock Options and, where applicable, shall use its reasonable best efforts to have such registration statement declared effective as soon as practicable following the Effective Time and to maintain the effectiveness of such registration statement covering such assumed Company Stock Options (and to maintain the current status of the prospectus contained therein) for so long as such Company Stock Options remain outstanding. Parent shall take all actions required under the rules and regulations of the Nasdaq with respect to the assumption by it of the Company Stock Options. It is intended that the Company Stock Options assumed by Parent shall qualify following the Effective Time as incentive stock options (as defined in Section 422 of the Code) to the extent the Company Stock Options qualified as incentive stock options immediately prior to the Effective Time and this Section 2.04 shall be construed consistent with such intent.

Section 2.05. *Adjustments.* If, during the period between the date of this Agreement and the Effective Time, there is a reclassification, recapitalization, stock split, split-up or combination, exchange or readjustment of shares of Parent Common Stock or Company Common Stock, or any stock dividend thereon (including any dividend of Parent Common Stock or Company Common Stock or any securities convertible into Parent Common Stock or Company Common Stock) with a record date during such period, the Merger Consideration and any other amounts payable pursuant to this Agreement shall be appropriately adjusted to provide the holders of Company Common Stock the same economic effect as contemplated by this Agreement prior to such event.

Section 2.06. *Fractional Shares.* No fractional shares of Parent Common Stock shall be issued in the Merger. All fractional shares of Parent Common Stock that a holder of shares of Company Common Stock would otherwise be entitled to receive as a result of the Merger shall be aggregated and if a fractional share results from such aggregation, such holder shall be entitled to receive, in lieu thereof, an amount in cash without interest determined by multiplying (i) the closing price per share of Parent Common Stock on the Nasdaq (as reported by Bloomberg Financial markets or such other source as the parties shall agree in writing) on the Business Day immediately prior to the Closing Date by (ii) the fraction of a share of Parent Common Stock to which such holder would otherwise have been entitled.

Section 2.07. *Withholding Rights.* Each of the Surviving Corporation and Parent shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Article 2 such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign tax law. If the Surviving Corporation or Parent, as the case may be, so withholds amounts, such amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the

shares of Company Common Stock in respect of which the Surviving Corporation or Parent, as the case may be, made such deduction and withholding.

Section 2.08. *Lost Certificates.* If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue, in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration to be paid in respect of the shares of Company Common Stock represented by such Certificate, as contemplated by this Article 2.

ARTICLE 3
The Surviving Corporation

Section 3.01. *Articles of Organization.* The articles of organization of the Company in effect at the Effective Time shall be the articles of organization of the Surviving Corporation until amended in accordance with Applicable Law.

Section 3.02. *Bylaws.* The bylaws of Merger Subsidiary in effect at the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with Applicable Law.

Section 3.03. *Directors and Officers.* From and after the Effective Time, until successors are duly elected or appointed and qualified in accordance with Applicable Law, (i) the directors of Merger Subsidiary at the Effective Time shall be the directors of the Surviving Corporation and (ii) the officers of the Company at the Effective Time shall be the officers of the Surviving Corporation.

ARTICLE 4
Representations and Warranties of the Company

Except as expressly set forth in the Company Disclosure Schedule, subject to Section 11.05, the Company represents and warrants to Parent that:

Section 4.01. *Corporate Existence and Power.* The Company is a corporation duly incorporated, validly existing and in good standing under the Laws of The Commonwealth of Massachusetts. The Company has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not reasonably be expected to have, individually or in the aggregate, a

Material Adverse Effect on the Company. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not have, individually or in the aggregate, a Material Adverse Effect on the Company. The Company has heretofore delivered or made available (including through the SEC's EDGAR system) to Parent true and complete copies of the articles of organization and bylaws of the Company as currently in effect.

Section 4.02. *Corporate Authorization.* (a) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and, except for the required approval of the Company's stockholders in connection with the consummation of the Merger, have been duly authorized by all necessary corporate action on the part of the Company. The affirmative vote of the holders of two-thirds of the outstanding shares of Company Common Stock is the only vote of the holders of any of the Company's capital stock necessary in connection with the consummation of the Merger (the "**Company Stockholder Approval**"). This Agreement constitutes a valid and binding agreement of the Company.

(b) At a meeting duly called and held, the Company's Board of Directors has (i) unanimously determined that this Agreement and the transactions contemplated hereby are fair to and in the best interests of the Company's stockholders, (ii) unanimously approved and adopted this Agreement and the transactions contemplated hereby and (iii) unanimously resolved (subject to Section 6.03) to recommend approval and adoption of this Agreement by its stockholders (such recommendation, the "**Company Board Recommendation**").

Section 4.03. *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority other than (i) the filing of a certificate of merger and the filing of articles of merger with respect to the Merger with the Delaware Secretary of State and the Massachusetts Secretary of State, respectively, and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act and of laws analogous to the HSR Act, (iii) compliance with any applicable requirements of the 1933 Act, the 1934 Act, and any other applicable U.S. state or federal securities laws and (iv) any actions or filings the absence of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or materially to impair the ability of the Company to consummate the transactions contemplated by this Agreement.

Section 4.04. *Non-Contravention.* The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the articles of organization or bylaws of the Company, (ii) assuming compliance with the matters referred to in Section 4.03, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled, under any provision of any agreement or other instrument binding upon the Company or any of its Subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Company and its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, with such exceptions, in the case of each of clauses (iii) and (iv), as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company (taking into account for these purposes only the adverse effects specified in clause (ii) of the definition of Material Adverse Effect) or materially to impair the ability of the Company to consummate the transactions contemplated by this Agreement.

Section 4.05. *Capitalization.* (a) The authorized capital stock of the Company consists of 25,000,000 shares of Company Common Stock and 1,000,000 shares of preferred stock, \$1.00 par value (the “**Company Preferred Stock**”). As of February 21, 2006, there were outstanding 14,462,887 shares of Company Common Stock, no shares of Company Preferred Stock and employee stock options to purchase an aggregate of 701,784 shares of Company Common Stock (of which options to purchase an aggregate of 406,430 shares of Company Common Stock were exercisable). All outstanding shares of capital stock of the Company have been, and all shares that may be issued pursuant to the Company Stock Option Plans will be, when issued in accordance with the respective terms thereof, duly authorized and validly issued and are fully paid and nonassessable. No Company Subsidiary owns any shares of capital stock of the Company. Section 4.05 of the Company Disclosure Schedule contains a complete and correct list of each outstanding employee stock option to purchase shares of Company Common Stock, including the holder, date of grant, exercise price, vesting schedule and number of shares of Company Common Stock subject thereto.

(b) Except as set forth in this Section 4.05 and for changes since February 21, 2006 resulting from the exercise of employee stock options outstanding on such date, there are no outstanding (i) shares of capital stock or voting securities of the Company, (ii) securities of the Company convertible into

or exchangeable for shares of capital stock or voting securities of the Company or (iii) options or other rights to acquire from the Company, or other obligation of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company (the items in clauses (i), (ii), and (iii) being referred to collectively as the “**Company Securities**”). There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of the Company Securities.

Section 4.06. *Subsidiaries.* (a) Each Subsidiary of the Company is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not have, individually or in the aggregate, a Material Adverse Effect on the Company. Each such Subsidiary is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not have, individually or in the aggregate, a Material Adverse Effect on the Company. All active Subsidiaries of the Company and their respective jurisdictions of incorporation are identified in the Company 10-K.

(b) All of the outstanding capital stock of, or other voting securities or ownership interests in, each Subsidiary of the Company, is owned by the Company, directly or indirectly, free and clear of any Lien and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other voting securities or ownership interests). There are no outstanding (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Subsidiary of the Company or (ii) options or other rights to acquire from the Company or any of its Subsidiaries, or other obligation of the Company or any of its Subsidiaries to issue, any capital stock or other voting securities or ownership interests in, or any securities convertible into or exchangeable for any capital stock or other voting securities or ownership interests in, any Subsidiary of the Company (the items in clauses (i) and (ii) being referred to collectively as the “**Company Subsidiary Securities**”). There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of the Company Subsidiary Securities.

Section 4.07. *SEC Filings and the Sarbanes-Oxley Act.* (a) The Company has delivered or made available (including through the SEC’s EDGAR system) to Parent (i) the Company’s annual report on Form 10-K for its fiscal year ended April 30, 2005, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended

July 31, 2005, and October 31, 2005, (iii) its proxy statement relating to the Company's 2005 annual meeting of stockholders and (iv) all of its other reports, statements, schedules and registration statements filed with the SEC since April 30, 2005 (the documents referred to in this Section 4.07(a), collectively, the "**Company SEC Documents**").

(b) As of its filing date, each Company SEC Document complied as to form in all material respects with the applicable requirements of the 1933 Act and the 1934 Act, as the case may be.

(c) As of its filing date (or, if amended or superseded by a filing prior to the date hereof, on the date of such filing), each Company SEC Document filed pursuant to the 1934 Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 4.07(c) will not apply to statements or omissions in the Proxy Statement or any amendment or supplement thereto based upon information furnished to the Company by Parent or Merger Subsidiary in writing specifically for use therein.

(d) Each Company SEC Document that is a registration statement, as amended or supplemented, if applicable (including through incorporation by reference of other Company SEC Documents), filed pursuant to the 1933 Act, as of the date such registration statement or amendment became effective, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) The Company has established and maintains disclosure controls and procedures (as defined in Rule 13a-15 under the 1934 Act). Such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its consolidated Subsidiaries, is made known to the Company's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the 1934 Act are being prepared. Such disclosure controls and procedures are effective in timely alerting the Company's principal executive officer and principal financial officer to material information required to be included in the Company's periodic reports required under the 1934 Act.

(f) The Company and its Subsidiaries have established and maintained a system of internal control over financial reporting (as defined in Rule 13a-15 under the 1934 Act) ("**Internal Controls**"). Such Internal Controls are sufficient to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of Company financial statements for external purposes in accordance with GAAP. The Company has disclosed, based on its most recent evaluation of Internal Controls prior to the date hereof, to the

Company's auditors and audit committee (i) any significant deficiencies and material weaknesses in the design or operation of Internal Controls which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Internal Controls. The Company has made available to Parent a summary of any such disclosure made by management to the Company's auditors and audit committee since May 1, 2002.

(g) There are no outstanding loans or other extensions of credit made by the Company or any of its Subsidiaries to any executive officer (as defined in Rule 3b-7 under the 1934 Act) or director of the Company. The Company has not, since the enactment of the Sarbanes-Oxley Act, taken any action prohibited by Section 402 of the Sarbanes-Oxley Act.

Section 4.08. *Financial Statements.* The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the Company SEC Documents fairly present, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year-end adjustments and the condensed nature of footnote disclosure in the case of any unaudited interim financial statements).

Section 4.09. *Disclosure Documents.* (a) The information to be supplied by the Company for inclusion in the registration statement on Form S-4 pursuant to which shares of Parent Common Stock issued in connection with the Merger will be registered under the 1933 Act (the "**Registration Statement**") shall not, at the time the Registration Statement is declared effective by the SEC, at the time the prospectus contained therein or any amendment or supplement thereto is first mailed to stockholders of the Company, at the time of the Company Stockholder Meeting or at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements in the Registration Statement, in light of the circumstances under which they were made, not misleading.

(b) The proxy statement (the "**Proxy Statement**") to be sent to the stockholders of the Company in connection with the Company Stockholder Meeting shall not, at the time the Proxy Statement or any amendment or supplement thereto is first mailed to the stockholders of the Company or at the time of the Company Stockholder Meeting, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this

Section 4.09(b) will not apply to statements or omissions in the Proxy Statement or any amendment or supplement thereto based upon information furnished to the Company by Parent or Merger Subsidiary in writing specifically for use therein.

Section 4.10. *Absence of Certain Changes.* Since the Company Balance Sheet Date and through the date of this Agreement, the business of the Company and its Subsidiaries has been conducted in the ordinary course consistent with past practices and there has not been:

- (a) any event, change or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;
- (b) any adoption of or proposal to adopt any change to the Company's articles of organization or bylaws;
- (c) any reclassification, recapitalization, stock split, split-up or combination, exchange or readjustment with respect to any shares of capital stock of the Company;
- (d) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company, or any repurchase, redemption or other acquisition by the Company or any of its non-wholly owned Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any of its non-wholly owned Subsidiaries;
- (e) any amendment of any material term of any outstanding Company Security or any security of its Subsidiaries;
- (f) any merger or consolidation involving the Company or any of its Subsidiaries, or any acquisition by the Company or any of its Subsidiaries of a material amount of stock or assets of any other Person;
- (g) any sale, lease, license or other disposition of any material Subsidiary or any assets, securities or property material to the Company and its Subsidiaries, on a consolidated basis, by the Company or any of its Subsidiaries, except (i) pursuant to existing contracts or commitments and (ii) in the ordinary course consistent with past practice;
- (h) any incurrence, assumption or guarantee by the Company or any of its Subsidiaries of any material indebtedness for borrowed money;
- (i) any creation or other incurrence by the Company or any of its Subsidiaries of any Lien on any asset;

(j) any making of any loan, advance or capital contribution in excess of \$100,000 to or investment in any Person, other than (i) advances or investments in wholly owned Subsidiaries, and (ii) advances or loans to vendors made in the ordinary course of business consistent with past practice;

(k) any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the business or assets of the Company or any of its Subsidiaries that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;

(l) any transaction or commitment made, or any contract or agreement entered into, by the Company or any of its Subsidiaries that would be required to be identified as a material contract in a report by the Company on Form 8-K, Form 10-Q or Form 10-K under the 1934 Act;

(m) any material recall, field notification or field correction with respect to products manufactured by or on behalf of the Company or any of its Subsidiaries;

(n) any change in any method of accounting or accounting principles or practice by the Company or any of its Subsidiaries, except for any such change required by reason of a concurrent change in GAAP or Regulation S-X under the 1934 Act;

(o) any (i) grant of any severance or termination pay to (or amendment to any existing arrangement with) any director, officer of the Company or any of its Subsidiaries or any Company Senior Employee, (ii) increase in benefits payable under any existing severance or termination pay policies or employment agreements, (iii) entering into any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director or officer of the Company or any of its Subsidiaries or any Company Senior Employee, (iv) establishment, adoption or amendment (except as required by Applicable Law) of any collective bargaining, bonus, profit-sharing, thrift, pension, retirement, deferred compensation, compensation, stock option, restricted stock or other benefit plan or arrangement covering any director, officer or employee of the Company or any of its Subsidiaries or (v) increase in compensation, bonus or other benefits payable to any director or officer of the Company or any of its Subsidiaries or any Company Senior Employee;

(p) any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Company or any of its Subsidiaries, or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to such employees; or

(q) any material Tax election made or changed, any annual tax accounting period changed, any method of tax accounting adopted or changed, any material amended Tax Returns or claims for material Tax refunds filed, any closing agreement entered into, any material Tax claim, audit or assessment settled, or any right to claim a material Tax refund, offset or other reduction in Tax liability surrendered.

Section 4.11. *No Undisclosed Material Liabilities.* There are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

- (a) liabilities or obligations disclosed and provided for in the Company Balance Sheet or in the notes thereto,
- (b) liabilities or obligations incurred in the ordinary course of business consistent with past practices since the Company Balance Sheet Date that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, and
- (c) liabilities or obligations incurred in connection with the execution of this Agreement.

Section 4.12. *Compliance with Laws and Court Orders.* Neither the Company nor any of its Subsidiaries is in violation of or has violated any Applicable Law that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, and to the Knowledge of the Company, neither the Company nor any of its Subsidiaries is under investigation with respect to, or has been threatened to be charged with or given notice of, any violation of any Applicable Law, where a violation thereof would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company.

Section 4.13. *Litigation; Investigations.* There is no action, suit or proceeding pending (or investigation of which the Company is aware) against or, to the Knowledge of the Company, threatened against or affecting, the Company, any of its Subsidiaries, any present or former officer, director or employee of the Company or any of its Subsidiaries or any Person for whom the Company or any Subsidiary may be liable or any of their respective properties before any court or arbitrator or before or by any Governmental Authority, that, if determined or resolved adversely in accordance with the plaintiff's demands, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the Merger or any of the other transactions contemplated hereby. There have not been nor are there currently any internal investigations or inquiries being conducted by the Company, the Company's Board of Directors (or

any committee thereof) or any Third Party at the request of any of the foregoing concerning any financial, accounting, tax, conflict of interest, self-dealing, fraudulent or deceptive conduct or other misfeasance or malfeasance issues.

Section 4.14. *Agreements, Contracts and Commitments.* (a) For purposes of this Agreement, the term “**Company Material Contracts**” shall mean any contract, agreement, lease, license, note, bond, mortgage, indenture, guarantee, other evidence of indebtedness or other instrument, obligation or commitment to which the Company or any of its Subsidiaries is a party or by which any of them or any of their assets are bound, and which:

(i) has a remaining term of more than one year from the date hereof and (A) cannot be unilaterally terminated by the Company at any time, without material penalty, within thirty (30) days of providing notice of termination, and (B) involves the payment or receipt of money in excess of \$100,000 per year;

(ii) involves the payment or receipt of money in excess of \$100,000 in any year, other than purchase orders issued (or received) for the purchase or sale of goods in the ordinary course of business consistent with past practice;

(iii) contains covenants limiting the freedom of the Company or any of its Subsidiaries to sell any products or services of or to any other Person, engage in any line of business or compete with any Person or operate at any location;

(iv) was made with any director or officer of the Company or any Company Senior Employee, or any service, operating or management agreement or arrangement with respect to any of the Company’s assets or properties (whether leased or owned), other than those that are terminable by the Company on no more than thirty (30) days’ notice without liability or financial obligation to the Company;

(v) is a dealer, distributor, joint marketing or development agreement under which the Company has continuing material obligations to jointly market any product, technology or service and which may not be canceled without penalty upon notice of ninety (90) days or less, or any agreement pursuant to which the Company has continuing material obligations to jointly develop any Intellectual Property that will not be owned, in whole or in part, by the Company;

(vi) includes indemnification, guaranty or warranty provisions other than those contained in contracts entered into in the ordinary course of the Company’s business;

(vii) is a mortgage, indenture, guarantee, loan or credit agreement, security agreement or other agreement or instrument relating to the borrowing of money or extension of credit;

(viii) is a settlement agreement under which the Company has ongoing obligations; or

(ix) is a Company Real Property Lease.

(b) All of the Company Material Contracts that are required to be described in the Company SEC Reports (or to be filed as exhibits thereto) are so described or filed and are enforceable and in full force and effect (except as such enforceability may be subject to Laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of Law governing specific performance, injunctive relief or other equitable remedies).

(c) Section 4.14 of the Company Disclosure Schedule contains a complete and accurate list of, and true and complete copies have been delivered or made available to Parent with respect to, all Company Material Contracts in effect as of the date hereof other than the Company Material Contracts that are listed as an exhibit to the Company 10-K, a subsequent quarterly report on Form 10-Q or a subsequent current report on Form 8-K.

(d) There is no breach or violation of or default by the Company or any of its Subsidiaries under any of the Company Material Contracts and, to the Knowledge of the Company, no event has occurred with respect to the Company or any of its Subsidiaries which, with notice or lapse of time or both, would constitute a breach, violation or default, or give rise to a right of termination, modification, cancellation, foreclosure, imposition of a Lien, prepayment or acceleration under any of the Company Material Contracts, which breach, violation or default referred to above would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

Section 4.15. *Finders' Fees.* Except for RBC Capital Markets Corporation, a copy of whose engagement agreement has been provided to Parent, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 4.16. *Opinion of Financial Advisor.* The Company has received the written opinion of RBC Capital Markets Corporation, financial advisor to the Company for the purpose of providing such an opinion in connection with a business combination between the Company and Parent, to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the Merger Consideration was, as of such date, fair to

the Company's stockholders from a financial point of view. A copy of such opinion has been provided to Parent for informational purposes only.

Section 4.17. *Interested Party Transactions.* (a) Neither the Company nor any of its Subsidiaries is a party to any transaction or agreement with any Affiliate, 5% or more stockholder, director or executive officer of the Company and (b) no event has occurred since the date of the Company's last proxy statement to its stockholders that would, in the case of either clause (a) or this clause (b), be required to be reported by the Company pursuant to Item 404 of Regulation S-K promulgated by the SEC.

Section 4.18. *Intellectual Property.* (a) For purposes of this Agreement, the term "**Company Registered Intellectual Property**" means all Registered Intellectual Property owned by or exclusively licensed to the Company or any of its Subsidiaries.

(b) Schedule 4.18(b) sets forth as of the date hereof a true, complete and correct list of all Company Registered Intellectual Property. All of the Company Registered Intellectual Property is owned solely by the Company or exclusively licensed to the Company (as indicated on Schedule 4.18(b)) and no Registered Intellectual Property that ever was Company Registered Intellectual Property has been disposed of by the Company in the two years preceding the date hereof.

(c) The material Company Registered Intellectual Property is subsisting and has not expired or been cancelled, or abandoned.

(d) There is no pending or, to the Company's Knowledge, threatened, and at no time within the three years prior to the date of this Agreement has there been pending any, material suit, arbitration or other adversarial proceeding before any court, government agency or arbitral tribunal or in any jurisdiction alleging that any activities or conduct of the Company's business infringes or will infringe upon, violate or constitute the unauthorized use of the Intellectual Property of any Third Party or challenging the ownership, validity, enforceability or registrability of any material Intellectual Property owned by the Company.

(e) The Company is not a party to any settlements, covenants not to sue, consents, decrees, stipulations, judgments, or orders resulting from suits, actions or similar legal proceedings which (i) restrict the Company's rights to use any Intellectual Property owned by and material to the business of the Company as currently conducted, (ii) restrict the conduct of the business of the Company as currently conducted in order to accommodate any Third Party's Intellectual Property rights, or (iii) permit Third Parties to use any Intellectual Property owned by and material to the business of the Company as currently conducted.

(f) To the Knowledge of the Company, the conduct of the business of the Company as currently conducted does not infringe upon, violate or constitute the unauthorized use of any Intellectual Property rights owned by any Third Party.

(g) The Company has taken reasonable measures to protect the proprietary nature of the Intellectual Property owned by the Company that is material to the business of the Company as currently conducted.

(h) To the Company's Knowledge, no Third Party is misappropriating, infringing, diluting or violating any Intellectual Property owned by the Company that is material to the business of the Company as currently conducted, and no Intellectual Property misappropriation, infringement dilution or violation suits, arbitrations or other adversarial proceedings have been brought before any court, government agency or arbitral tribunal against any Third Party by the Company which remain unresolved.

(i) The Company has not disclosed to any Third Party any material confidential source code for any product currently being marketed, sold, licensed or developed by the Company (each such product, a "**Company Proprietary Product**") except for the third party source code escrow arrangements indicated on Schedule 4.18(i), nor is the Company obligated to make the source code for such Company Proprietary Product generally available pursuant to the terms of any open source license (including, but not limited to, the GNU General Public License).

(j) The Company does not have any obligation to pay any Third Party any royalties or other fees in excess of \$500,000 in the aggregate in calendar year 2005 or any annual period thereafter for the use of Intellectual Property and no obligation to pay such royalties or other fees will result from the execution and delivery by the Company of this Agreement and the consummation of the transactions contemplated by this Agreement.

(k) The Company is not in violation of any material license, sublicense, agreement or instrument to which the Company is party or otherwise bound under which the Company derives rights to Intellectual Property that is material to the Company's business as currently conducted, nor will the consummation by the Company of the transactions contemplated hereby result in any loss or impairment of ownership by the Company of, or the right of any of them to use, any Intellectual Property that is material to the business of the Company as currently conducted, nor, to the Company's Knowledge, require the consent of any Governmental Authority or Third Party with respect to any such material Intellectual Property.

(l) To the Knowledge of the Company, the Company is not a party to any agreement under which a Third Party would be entitled to receive or expand a license or any other right to any Intellectual Property of Parent or any of Parent's

Affiliates (excluding, for this purpose, the Company) as a result of the consummation of the transactions contemplated by this Agreement.

Section 4.19. *Taxes.* (a) All material Tax Returns required by Applicable Law to be filed with any Taxing Authority by, or on behalf of, the Company or any of its Subsidiaries have been filed when due (after giving effect to applicable extensions or waivers) in accordance with all Applicable Law, and all such Tax Returns are, or shall be at the time of filing, true and complete in all material respects.

(b) The Company and each of its Subsidiaries has paid (or has had paid on its behalf) or has withheld and remitted to the appropriate Taxing Authority all material Taxes due and payable, or, where payment is not yet due, has established (or has had established on its behalf and for its sole benefit and recourse) in accordance with GAAP an adequate accrual for all material Taxes through the end of the last period for which the Company and its Subsidiaries ordinarily record items on their respective books.

(c) The income and franchise Tax Returns of the Company and its Subsidiaries through the Tax year ended 2000 have been examined and closed or are Tax Returns with respect to which the applicable period for assessment under Applicable Law, after giving effect to extensions or waivers, has expired.

(d) There is no action, suit or proceeding pending (or investigation of which the Company is aware) against or, to the Company's Knowledge, threatened against or with respect to the Company or its Subsidiaries in respect of any Tax or Tax asset.

(e) During the five-year period ending on the date hereof, neither the Company nor any of its Subsidiaries was a distributing corporation or a controlled corporation in a transaction intended to be governed by Section 355 of the Code.

(f) Neither the Company nor any of its Subsidiaries owns an interest in real property in any jurisdiction in which a Tax is imposed, or the value of the interest is reassessed, on the transfer of an interest in real property and which treats the transfer of an interest in an entity that owns an interest in real property as a transfer of the interest in real property.

(g) Schedule 4.19(g) contains a list of all jurisdictions (whether foreign or domestic) in which the Company or any of its Subsidiaries currently files Tax Returns.

(h) "**Tax**" means (i) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including withholding on amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority (a "**Taxing Authority**")

responsible for the imposition of any such tax (domestic or foreign), and any liability for any of the foregoing as transferee, (ii) in the case of the Company or any of its Subsidiaries, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Effective Time a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of the Company or any of its Subsidiaries to a Taxing Authority is determined or taken into account with reference to the activities of any other Person (other than the group of which the Company is the parent), and (iii) liability of the Company or any of its Subsidiaries for the payment of any amount as a result of being party to any Tax Sharing Agreement or with respect to the payment of any amount imposed on any person of the type described in (i) or (ii) as a result of any existing express or implied agreement or arrangement (including an indemnification agreement or arrangement). “**Tax Return**” means any report, return, document, declaration or other information or filing required to be supplied to any Taxing Authority with respect to Taxes, including information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information. “**Tax Sharing Agreements**” means all existing agreements or arrangements (whether or not written) binding the Company or any of its Subsidiaries that provide for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person’s Tax liability (excluding any indemnification agreement or arrangement pertaining to the sale or lease of assets or subsidiaries).

Section 4.20. *Tax Treatment.* Neither the Company nor any of its Affiliates has taken or agreed to take any action, or is aware of any fact or circumstance, that would prevent the Merger from qualifying as a reorganization within the meaning of Section 368 of the Code (a “**368 Reorganization**”).

Section 4.21. *Properties and Assets.* (a) The Company has good and valid title to, or a valid leasehold interest in, all the properties and assets which it purports to own or lease (real, tangible, personal and mixed), including all the properties and assets reflected in the Company Balance Sheet (except for personal property sold since the Company Balance Sheet Date in the ordinary course of business consistent with past practice). All properties and assets reflected in the Company Balance Sheet are free and clear of all Liens.

(b) Section 4.21 of the Company Disclosure Schedule sets forth a true, complete and correct list of all real property owned, leased, subleased or licensed by the Company and the location of such premises. All material real property leases, licenses or other occupancy agreements to which the Company is a party (collectively, the “**Company Real Property Leases**”) are either filed as exhibits

to the Company SEC Reports or complete copies thereof have been delivered to or made available to Parent. Section 4.21 of the Company Disclosure Schedule lists all Company Real Property Leases other than the Company Real Property Leases that are listed as an exhibit to the Company 10-K or a subsequent quarterly report on Form 10-Q.

(c) (i) All Company Real Property Leases are in full force and effect (except as such enforceability may be subject to Laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of Law governing specific performance, injunctive relief or other equitable remedies), (ii) there is no existing default by the Company under any of the Company Real Property Leases, except such defaults as have been waived in writing, (iii) no event has occurred with respect to the Company which, with notice or lapse of time or both, would constitute a default of any of the Company Real Property Leases, and (iv) to the Company's Knowledge, there are no defaults of any obligations of any party other than the Company under any Company Real Property Lease, except in the cases of clauses (i) through (iv) for such defaults as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

Section 4.22. *Employee Benefit Plans.* (a) Schedule 4.22 contains a correct and complete list identifying each material "employee benefit plan," as defined in Section 3(3) of ERISA, each employment, severance or similar contract, plan, arrangement or policy and each other plan or arrangement (written or oral) providing for compensation, bonuses, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangements), health or medical benefits, employee assistance program, disability or sick leave benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) which is maintained, administered or contributed to by the Company or any ERISA Affiliate and covers any employee or former employee of the Company or any of its Subsidiaries, or with respect to which the Company or any of its Subsidiaries has any liability. Copies of such plans (and, if applicable, related trust or funding agreements or insurance policies) and all amendments thereto and written interpretations thereof have been furnished to Parent together with the most recent annual report (Form 5500 including, if applicable, Schedule B thereto) and tax return (Form 990) prepared in connection with any such plan or trust. Such plans are referred to collectively herein as the "**Employee Plans.**"

(b) Neither the Company nor any ERISA Affiliate nor any predecessor thereof sponsors, maintains or contributes to, or has in the past sponsored, maintained or contributed to, any Employee Plan subject to Title IV of ERISA.

(c) Neither the Company nor any ERISA Affiliate nor any predecessor thereof contributes to, or has in the past contributed to, any multiemployer plan, as defined in Section 3(37) of ERISA (a “**Multiemployer Plan**”).

(d) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code may rely on an opinion letter issued by the Internal Revenue Service for a prototype plan or has received a favorable determination letter, or has pending or has time remaining in which to file, an application for such determination from the Internal Revenue Service, and the Company is not aware of any reason why any such determination letter should be revoked or not be reissued. The Company has made available to Parent copies of the most recent Internal Revenue Service determination letters with respect to each such Employee Plan. Each Employee Plan has been maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations, including ERISA and the Code, which are applicable to such Employee Plan. No material events have occurred with respect to any Employee Plan that could result in payment or assessment by or against the Company of any material excise taxes under Sections 4972, 4975, 4976, 4977, 4979, 4980B, 4980D, 4980E or 5000 of the Code.

(e) The consummation of the transactions contemplated by this Agreement will not (either alone or together with any other event) entitle any employee or independent contractor of the Company or any of its Subsidiaries to bonus, severance or other pay or accelerate the time of payment or vesting of any benefit or trigger any funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any Employee Plan.

(f) There is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Company or any of its Subsidiaries that, individually or collectively, would entitle any employee or former employee to any severance or other payment solely as a result of the transactions contemplated hereby, or could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G or 162(m) of the Code.

(g) Neither the Company nor any of its Subsidiaries has any liability in respect of post-retirement health, medical or life insurance benefits for retired, former or current employees of the Company or its Subsidiaries except as required to avoid excise tax under Section 4980B of the Code.

(h) Neither the Company nor any of its Subsidiaries is a party to or subject to, or is currently negotiating in connection with entering into, any collective bargaining agreement or other contract or understanding with a labor union or organization.

(i) To the Knowledge of the Company, there is no action, suit, investigation, audit or proceeding pending against, threatened against or involving any Employee Plan before any Governmental Authority.

(j) The Company has provided Parent with a list and copies of each International Plan. Each International Plan has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations (including any special provisions relating to qualified plans where such Plan was intended so to qualify) and has been maintained in good standing with applicable regulatory authorities. There has been no amendment to, written interpretation of or announcement (whether or not written) by the Company or any of its Subsidiaries relating to, or change in employee participation or coverage under, any International Plan that would increase materially the expense of maintaining such International Plan above the level of expense incurred in respect thereof for the most recent fiscal year ended prior to the date hereof. According to the actuarial assumptions and valuations most recently used for the purpose of funding each International Plan (or, if the same has no such assumptions and valuations or is unfunded, according to actuarial assumptions and valuations in use by the PBGC on the date hereof), as of February 21, 2006, the total amount or value of the funds available under such Plan to pay benefits accrued thereunder or segregated in respect of such accrued benefits, together with any reserve or accrual with respect thereto, exceeded the present value of all benefits (actual or contingent) accrued as of such date of all participants and past participants therein in respect of which the Company or any of its Subsidiaries has or would have after the Effective Time any obligation. From and after the Effective Time, Parent and its Affiliates will get the full benefit of any such funds, accruals or reserves.

Section 4.23. *Environmental Matters.* (a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company:

(i) no notice, notification, demand, request for information, citation, summons or order has been received, no complaint has been filed, no penalty has been assessed, and no action, claim, suit, or proceeding is pending (nor is there any investigation of which the Company is aware) or, to the Knowledge of the Company, is threatened by any Governmental Authority or other Person relating to the Company or any Subsidiary and relating to or arising out of any Environmental Law;

(ii) the Company and its Subsidiaries are and have been in compliance with all Environmental Laws and all Environmental Permits; and

(iii) there are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent,

absolute, determined, determinable or otherwise arising under or relating to any Environmental Law or any Hazardous Substance.

(b) There has been no environmental investigation, study, audit, test, review or other analysis conducted in the past five years of which the Company has Knowledge in relation to the current or prior business of the Company or any of its Subsidiaries or any property or facility now or previously owned by the Company or any of its Subsidiaries that has not been delivered to Parent at least five Business Days prior to the date hereof.

(c) Neither the Company nor any of its Subsidiaries owns, leases or operates or has, within the past five years, owned, leased or operated any real property in New Jersey or Connecticut.

(d) For purposes of this Section 4.23, the terms “**Company**” and “**Subsidiaries**” shall include any entity that is, in whole or in part, a predecessor of the Company or any of its Subsidiaries.

Section 4.24. *Antitakeover Statutes.* The Company has taken all action necessary to exempt the Merger, this Agreement and the transactions contemplated hereby from Massachusetts General Laws Chapter 110D. Neither Massachusetts General Laws Chapters 110D or 110F nor any other antitakeover or similar statute or regulation applies or purports to apply to any such transactions; *provided, however*, that, for purposes hereof, Parent and Merger Subsidiary hereby specifically represent and warrant to the Company that neither of them is an “interested stockholder” in the Company, as such term is defined in Massachusetts General Laws Chapter 110F. No other “control share acquisition,” “fair price,” “moratorium” or other antitakeover laws enacted under U.S. state or federal laws apply to this Agreement or any of the transactions contemplated hereby.

ARTICLE 5

Representations and Warranties of Parent and Merger Subsidiary

Subject to Section 11.05, Parent and Merger Subsidiary, jointly and severally, represent and warrant to the Company that:

Section 5.01. *Corporate Existence and Power.* Each of Parent and Merger Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted. Parent has heretofore delivered or made available (including through the SEC’s EDGAR system) to the Company true and complete copies of the certificate of incorporation and bylaws of Parent and Merger Subsidiary as currently in effect.

Since the date of its incorporation, Merger Subsidiary has not engaged in any activities other than in connection with or as contemplated by this Agreement.

Section 5.02. *Corporate Authorization.* The execution, delivery and performance by Parent and Merger Subsidiary of this Agreement and the consummation by Parent and Merger Subsidiary of the transactions contemplated hereby are within the corporate powers of Parent and Merger Subsidiary and have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding agreement of each of Parent and Merger Subsidiary. No vote of the holders of Parent's capital stock is necessary in connection with the consummation of the Merger.

Section 5.03. *Governmental Authorization.* The execution, delivery and performance by Parent and Merger Subsidiary of this Agreement and the consummation by Parent and Merger Subsidiary of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority, other than (i) the filing of a certificate of merger and the filing of articles of merger with respect to the Merger with the Delaware Secretary of State and the Massachusetts Secretary of State, respectively, and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act and of laws analogous to the HSR Act, (iii) compliance with any applicable requirements of the 1933 Act, the 1934 Act and any other U.S. state or federal securities laws and (iv) any actions or filings the absence of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent or materially to impair the ability of Parent and Merger Subsidiary to consummate the transactions contemplated by this Agreement.

Section 5.04. *Non-Contravention.* The execution, delivery and performance by Parent and Merger Subsidiary of this Agreement and the consummation by Parent and Merger Subsidiary of the transactions contemplated hereby do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the certificate of incorporation or bylaws of Parent or Merger Subsidiary, (ii) assuming compliance with the matters referred to in Section 5.03, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, could become a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Parent or any of its Subsidiaries is entitled under any provision of any agreement or other instrument binding upon Parent or any of its Subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of Parent and its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of Parent or any of its Subsidiaries, with such exceptions, in the case of each

of clauses (iii) and (iv), as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent or materially to impair the ability of Parent and Merger Subsidiary to consummate the transactions contemplated by this Agreement.

Section 5.05. *SEC Filings and the Sarbanes-Oxley Act.* (a) Parent has delivered or made available (including through the SEC's EDGAR system) to the Company (i) its annual report on Form 10-K for its fiscal year ended June 30, 2005, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended September 30, 2005, and December 31, 2005, (iii) its proxy statement and additional definitive proxy soliciting materials relating to Parent's 2005 annual meeting of stockholders and (iv) all of its other reports, statements, schedules and registration statements filed with the SEC since June 30, 2005 (the documents referred to in this Section 5.05(a), collectively, the "**Parent SEC Documents**").

(b) As of its filing date, each Parent SEC Document complied as to form in all material respects with the applicable requirements of the 1933 Act and 1934 Act, as the case may be.

(c) As of its filing date, each Parent SEC Document filed pursuant to the 1934 Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) Each Parent SEC Document that is a registration statement, as amended or supplemented, if applicable, filed pursuant to the 1933 Act, as of the date such registration statement or amendment became effective, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The representations and warranties contained in this Section 5.05(d) will not apply to statements or omissions in the Registration Statement or any amendment or supplement thereto based upon information furnished to Parent or Merger Subsidiary by the Company in writing specifically for use therein.

(e) Parent has established and maintains disclosure controls and procedures (as defined in Rule 13a-15 under the 1934 Act). Such disclosure controls and procedures are designed to ensure that material information relating to Parent, including its consolidated Subsidiaries, is made known to Parent's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the 1934 Act are being prepared. Such disclosure controls and procedures are effective in timely alerting Parent's principal executive officer and principal financial officer to material information required to be included in Parent's periodic reports required under the 1934 Act.

(f) Parent and its Subsidiaries have established and maintained a system of Internal Controls. Such Internal Controls are sufficient to provide reasonable assurance regarding the reliability of Parent's financial reporting and the preparation of Parent financial statements for external purposes in accordance with GAAP. Parent has disclosed, based on its most recent evaluation of Internal Controls prior to the date hereof, to Parent's auditors and audit committee (x) any significant deficiencies and material weaknesses in the design or operation of Internal Controls which are reasonably likely to adversely affect Parent's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in Internal Controls.

(g) There are no outstanding loans or other extensions of credit made by Parent or any of its Subsidiaries to any executive officer (as defined in Rule 3b-7 under the 1934 Act) or director of Parent. Parent has not, since the enactment of the Sarbanes-Oxley Act, taken any action prohibited by Section 402 of the Sarbanes-Oxley Act.

Section 5.06. *Financial Statements.* The audited consolidated financial statements and unaudited consolidated interim financial statements of Parent included in the Parent SEC Filings fairly present, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of Parent and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements).

Section 5.07. *No Undisclosed Material Liabilities.* There are no liabilities or obligations of Parent or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(a) liabilities or obligations disclosed and provided for in the Parent Balance Sheet or in the notes thereto,

(b) liabilities or obligations incurred in the ordinary course of business consistent with past practices since the Parent Balance Sheet Date that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent, and

(c) liabilities or obligations incurred in connection with the execution of this Agreement.

Section 5.08. *Disclosure Documents.* (a) The Registration Statement shall not, at the time the Registration Statement is declared effective by the SEC, at the time the prospectus contained therein or any amendment or supplement thereto is first mailed to stockholders of the Company, at the time of the Company

Stockholder Meeting or at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements in the Registration Statement, in light of the circumstances under which they were made, not misleading.

(b) The information to be supplied by Parent for inclusion in the Proxy Statement shall not, at the time the Proxy Statement or any amendment or supplement thereto is first mailed to the stockholders of the Company or at the time of the Company Stockholder Meeting, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 5.08(b) will not apply to statements or omissions in the Registration Statement or any amendment or supplement thereto based upon information furnished to Parent or Merger Subsidiary by the Company in writing specifically for use therein.

Section 5.09. *Finders' Fees.* Except for Credit Suisse First Boston LLC, whose fees will be paid by Parent, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Parent who might be entitled to any fee or commission upon consummation of the transactions contemplated by this Agreement.

Section 5.10. *Tax Treatment.* Neither Parent nor any of its Affiliates has taken or agreed to take any action that would prevent the Merger from qualifying as a 368 Reorganization.

Section 5.11. *Ownership of Merger Subsidiary; No Prior Activities.* Merger Subsidiary is a direct wholly-owned subsidiary of Parent. Merger Subsidiary has engaged in no business activities other than as contemplated by this Agreement and has conducted its operations only as contemplated by this Agreement.

Section 5.12. *No Stockholder Vote Required.* No vote of the stockholders of Parent is necessary to approve this Agreement and the transactions contemplated hereby, including, without limitation, the assumption of the Company Stock Options as contemplated hereby.

ARTICLE 6 Covenants of the Company

The Company agrees that:

Section 6.01. *Conduct of the Company.* From the date hereof until the Effective Time or the earlier termination of this Agreement, the Company and its

Subsidiaries shall conduct their business in the ordinary course consistent with past practice and shall use their reasonable best efforts to preserve intact their business organizations and relationships with third parties and to keep available the services of their present officers and employees. Without limiting the generality of the foregoing, from the date hereof until the Effective Time or the earlier termination of this Agreement, except as expressly permitted by this Agreement, the Company shall not, and shall not permit any of its Subsidiaries to:

- (a) enter into any contract, agreement, lease, license, note, bond, mortgage, indenture, guarantee, other evidence of indebtedness or other instrument, obligation or commitment of the type referred to in Section 4.14(a), Section 4.18(j) or Section 4.18(l);
- (b) adopt or propose to adopt any change to the Company's articles of organization or bylaws;
- (c) reclassify, recapitalize, split, combine, exchange or readjust any shares of capital stock of the Company;
- (d) declare, set aside or pay any dividend or other distribution with respect to any shares of capital stock of the Company, or repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any of its Subsidiaries;
- (e) issue, sell, transfer, pledge, redeem, accelerate rights under, dispose of or encumber, or authorize the issuance, sale, transfer, pledge, redemption, acceleration of rights under, disposition or encumbrance of, any shares of its capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of its capital stock, or any other ownership interest in the Company or any of its Subsidiaries, except in each case (i) for the issuance of shares of Company Common Stock upon the exercise of the Company Stock Options outstanding as of the date of this Agreement in accordance with their terms, (ii) for the issuance of shares of Company Common Stock or rights to purchase Company Common Stock under the Company ESPP and (iii) the grant of Company Stock Options to employees and directors of the Company or its Subsidiaries in the ordinary course of business consistent with past practice in an amount not to exceed (x) an aggregate of 30,000 shares of Company Common Stock prior to June 1, 2006, and (y) an aggregate of 55,000 shares of Company Common Stock thereafter (inclusive of the 30,000 shares of Company Common Stock referred to in clause (x)); *provided* that (A) such Company Stock Options shall have an exercise price per share not less than the fair market value of Company Common Stock on the date of grant and (B) such Company Stock Options shall not be subject to accelerated vesting under any agreement or plan as a result of the consummation of the transactions contemplated by this Agreement or as a result of termination of employment;

(f) amend any material term of any outstanding security of the Company or any of its Subsidiaries;

(g) (i) grant any severance or termination pay to (or amend any existing arrangement with) any director, executive officer or employee of the Company or any of its Subsidiaries, except in the ordinary course of business consistent with past practice in connection with actual termination of any such individual in accordance with plans or policies listed on Schedule 4.22 or as otherwise disclosed on Schedule 4.22, (ii) increase the benefits payable under any existing severance or termination pay policies or employment agreements, (iii) enter into any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, executive officer or employee of the Company or any of its Subsidiaries (other than at-will offer letters with no severance or change of control provisions), (iv) establish, adopt or amend (except as required by Applicable Law) any collective bargaining, bonus, profit-sharing, thrift, pension, retirement, deferred compensation, compensation, stock option, restricted stock or other benefit plan or arrangement covering any director, executive officer or employee of the Company or any of its Subsidiaries, (v) increase the compensation, bonus or other benefits payable to any director or executive officer of the Company or any of its Subsidiaries except for annual bonuses of up to \$1,000,000 in the aggregate payable to executive officers of the Company or (vi) increase the compensation, bonus or other benefits payable to employees of the Company or any of its Subsidiaries that in an aggregate amount for all such employees that if annualized would exceed \$2,000,000 (including, for this purpose, the annual bonus payments described in clause (v)), except that, if the Closing has not occurred by June 1, 2006, the Company may increase the compensation and other benefits (and otherwise grant ordinary course raises) to non-executive employees in the ordinary course consistent with past practice;

(h) enter into any plan or agreement of merger or consolidation involving the Company or any of its Subsidiaries, or involving any acquisition by the Company or any of its Subsidiaries of a material amount of stock or assets of any other Person;

(i) sell or otherwise dispose of any material subsidiary or sell, lease, license or otherwise dispose of any assets, securities or property in each case material to the Company and its Subsidiaries, on a consolidated basis, except (i) pursuant to existing contracts or commitments and (ii) in the ordinary course consistent with past practice;

(j) incur, assume or guarantee any material indebtedness for borrowed money;

(k) create or otherwise incur any Lien on any asset of the Company or any of its Subsidiaries;

- (l) make any loan, advance or capital contribution in excess of \$1,000,000 to or investment in any Person;
- (m) change any method of accounting or accounting principles or practice by the Company or any of its Subsidiaries, except for any such change required by reason of a concurrent change in GAAP or Regulation S-X under the 1934 Act; or
- (n) authorize, agree or commit to do any of the foregoing.

Section 6.02. *Stockholder Meeting; Proxy Material.* The Company shall cause a meeting of its stockholders (the “**Company Stockholder Meeting**”) to be duly called and held as soon as reasonably practicable for the purpose of voting on the approval and adoption of this Agreement and the Merger. Subject to Section 6.03(b), the Board of Directors of the Company shall recommend approval and adoption of this Agreement and the Merger by the Company’s stockholders. In connection with such meeting, the Company shall (i) promptly prepare the Proxy Statement and thereafter mail to its stockholders as promptly as practicable the Proxy Statement and all other proxy materials for such meeting, (ii) subject to Section 6.03(b), use its reasonable best efforts to obtain the Company Stockholder Approval and (iii) otherwise comply with all material legal requirements applicable to such meeting.

Section 6.03. *No Solicitation; Other Offers.* (a) Subject to Section 6.03(b), neither the Company nor any of its Subsidiaries shall, nor shall the Company or any of its Subsidiaries authorize or permit any of its or their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors to, directly or indirectly, (i) solicit, initiate or take any action that could reasonably be expected to facilitate, or encourage the submission of, any Acquisition Proposal, (ii) enter into or participate in any discussions or negotiations with, furnish any nonpublic information relating to the Company or any of its Subsidiaries or afford access to the business, properties, assets, books or records of the Company or any of its Subsidiaries to, otherwise cooperate in any way with, or knowingly assist, participate in, facilitate or encourage any effort by, any Third Party that a Person acting in good faith would reasonably believe is seeking to make, or has made, an Acquisition Proposal, except to notify such Third Party as to the existence of these provisions, (iii) fail to make when required, withdraw or modify in a manner adverse to Parent the Company Board Recommendation (or recommend an Acquisition Proposal or take any action or make any public statement inconsistent with the Company Board Recommendation) (any of the foregoing in this clause (iii), an “**Adverse Recommendation Change**”), (iv) grant any Third Party any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of its Subsidiaries or (v) enter into any agreement in principle, letter of intent, term sheet or other similar instrument

relating to an Acquisition Proposal (except for confidentiality agreements under circumstances permitted by Section 6.03(b)).

(b) Notwithstanding the foregoing, prior to receiving the Company Stockholder Approval, the Board of Directors of the Company, directly or indirectly through advisors, agents or other intermediaries, may (i) engage in negotiations or discussions with any Third Party (or with the representatives of any Third Party) that, subject to the Company's compliance with Section 6.03(a)(i), has made a bona fide written Acquisition Proposal that the Board of Directors of the Company reasonably believes will lead to a Superior Proposal, (ii) thereafter furnish to such Third Party nonpublic information relating to the Company or any of its Subsidiaries pursuant to a confidentiality agreement with terms no less favorable to the Company than those contained in the Confidentiality Agreement dated as of September 23, 2005 between the Company and Parent (the "**Confidentiality Agreement**"); *provided, however*, that such confidentiality agreement shall not be required to, and shall not, contain any provisions that would prevent the Company from complying with its obligation to provide the required disclosure to Parent pursuant to this Section 6.03 (a copy of which confidentiality agreement shall be provided for informational purposes only to Parent), (iii) following a determination by the Board of Directors of the Company that such Acquisition Proposal is a Superior Proposal, make an Adverse Recommendation Change and/or (iv) take any action that any court of competent jurisdiction orders the Company to take, but in each case referred to in the foregoing clauses (i) through (iii) only if the Board of Directors of the Company determines in good faith by a majority vote, after considering advice from outside legal counsel to the Company (which may be its current outside legal counsel, Sullivan & Worcester LLP), that the failure to take such action would be inconsistent with its fiduciary duties under Applicable Law. Nothing contained herein shall prevent the Board of Directors of the Company from complying with Rule 14e-2(a) or Rule 14d-9 under the 1934 Act with regard to an Acquisition Proposal; *provided* that the Board of Directors of the Company shall not recommend that the Company's stockholders tender shares of capital stock in connection with any tender or exchange offer unless the Board of Directors of the Company determines in good faith by a majority vote, after considering advice from outside legal counsel to the Company (which may be its current outside legal counsel, Sullivan & Worcester LLP), that the failure to take such action would be inconsistent with its fiduciary duties under Applicable Law.

(c) The Board of Directors of the Company shall not take any of the actions referred to in clauses (i) through (iii) or the last sentence of Section 6.03(b) unless the Company shall have delivered to Parent a prior written notice advising Parent that it intends to take such action. In addition, the Company shall notify Parent promptly (but in no event later than 24 hours) after an executive officer or director of the Company first obtains Knowledge of the receipt by the Company (or any of its advisors) of any Acquisition Proposal, any inquiry that

would reasonably be expected to lead to an Acquisition Proposal or any request for information relating to the Company or any of its Subsidiaries or for access to the business, properties, assets, books or records of the Company or any of its Subsidiaries from any Third Party that a Person acting in good faith would reasonably believe is seeking to make, or has made, an Acquisition Proposal. The Company shall provide such notice orally and in writing and shall identify the Third Party making, and the material terms and conditions of, any such Acquisition Proposal, indication or request. The Company shall keep Parent reasonably informed, on a current basis, of the status and material details of any such Acquisition Proposal, indication or request. The Company shall, and shall cause its Subsidiaries and the advisors, employees and other agents of the Company and any of its Subsidiaries to, cease immediately and cause to be terminated any and all existing activities, discussions or negotiations, if any, with any Third Party conducted prior to the date hereof with respect to any Acquisition Proposal and shall use its reasonable best efforts to cause any such Party (or its agents or advisors) in possession of confidential information about the Company that was furnished by or on behalf of the Company to return or destroy all such information.

“**Superior Proposal**” means any bona fide, unsolicited written Acquisition Proposal (with the references to “20% or more” contained therein being replaced with “75% or more”) on terms that the Board of Directors of the Company determines in good faith by a majority vote, after considering the advice of the Company’s financial advisor (which may be RBC Capital Markets Corporation) and taking into account all the terms and conditions of the Acquisition Proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation, are more favorable and provide greater value to all the Company’s stockholders than as provided hereunder and for which financing, if a cash transaction (whether in whole or in part), is then fully committed or reasonably determined to be available by the Board of Directors of the Company.

Section 6.04. *Access to Information.* From the date hereof until the Effective Time or the earlier termination of this Agreement, and subject to Applicable Law and the Confidentiality Agreement, the Company shall (i) give to Parent, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, books and records of such party, (ii) furnish to Parent, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information as such Persons may reasonably request and (iii) instruct its employees, counsel, financial advisors, auditors and other authorized representatives to cooperate with Parent in its investigation; *provided*, however, that the Company shall not be required to provide to Parent or its representatives any of the information specified in Section 6.04 of the Company Disclosure Schedule (or access thereto) until the condition set forth in Section 9.01(c) has been satisfied or waived. Any

investigation pursuant to this Section shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the Company. No information or knowledge obtained in any investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by any party hereunder. Neither the Company nor any of its Subsidiaries shall be obligated to provide access to, or to disclose, any information to Parent if the Company reasonably determines that such access or disclosure would jeopardize the attorney-client privilege of the Company or any of its Subsidiaries; *provided*, however, that the parties will at Parent's request use reasonable efforts to enter into a joint defense or similar agreement that permits access to such information by Parent while preserving the attorney-client privilege of the Company and its Subsidiaries.

Section 6.05. *Tax Matters.* (a) From the date of this Agreement until the Effective Time or the earlier termination of this Agreement, neither the Company nor any of its Subsidiaries shall make or change any Tax election, change any annual tax accounting period, adopt or change any method of tax accounting, file any amended Tax Returns or claims for Tax refunds, enter into any closing agreement, settle any Tax claim, audit or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission would have the effect of materially increasing the Tax liability or materially reducing any Tax asset of the Company or any of its Subsidiaries.

(b) The Company and each of its Subsidiaries shall establish or cause to be established in accordance with GAAP on or before the Effective Time an adequate accrual for all Taxes due with respect to any period or portion thereof ending prior to or as of the Effective Time.

ARTICLE 7 Covenants of Parent

Parent agrees that:

Section 7.01. *Obligations of Merger Subsidiary.* Parent shall take all action necessary to cause Merger Subsidiary to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 7.02. *Voting of Shares.* Parent shall vote all shares of Company Common Stock beneficially owned by it or any of its Subsidiaries in favor of adoption of this Agreement at the Company Stockholder Meeting.

Section 7.03. *Director and Officer Liability.* Parent shall cause the Surviving Corporation, and the Surviving Corporation hereby agrees, to do the following:

(a) For six years after the Effective Time, the Surviving Corporation shall indemnify and hold harmless the present and former officers and directors of the Company (each an **"Indemnified Person"**) in respect of acts or omissions occurring at or prior to the Effective Time to the fullest extent permitted by Massachusetts Law or any other Applicable Law or provided under the Company's articles of organization and bylaws in effect on the date hereof; *provided* that such indemnification shall be subject to any limitation imposed from time to time under Applicable Law.

(b) For six years after the Effective Time, the Surviving Corporation shall provide officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such Indemnified Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date hereof; *provided* that, in satisfying its obligation under this Section 7.03(b), the Surviving Corporation shall not be obligated to pay an aggregate premium in excess of 250% of the amount per annum the Company paid in its last full fiscal year, which amount Company has disclosed to Parent prior to the date hereof.

(c) If Parent, the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 7.03.

(d) The rights of each Indemnified Person under this Section 7.03 shall be in addition to any rights such Person may have under the articles of organization or bylaws of the Company or any of its Subsidiaries, or under Massachusetts Law or any other Applicable Law or under any agreement of any Indemnified Person with the Company or any of its Subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Person.

(e) The Surviving Corporation shall pay all reasonable costs and expenses, including attorneys' fees, that may be incurred by any indemnified party in enforcing the indemnity and other obligations provided for in this Section 7.03, so long as such indemnified party undertakes in writing to reimburse the Surviving Corporation for such costs and expenses if it is finally determined by a

court of competent jurisdiction that such indemnified party was not entitled to be indemnified hereunder.

(f) Parent guarantees as primary obligor, and not as surety, the full and punctual performance of the Surviving Corporation's indemnification obligations under this Section 7.03.

Section 7.04. *Stock Exchange Listing.* Parent shall use its best efforts to cause the shares of Parent Common Stock to be issued in connection with the Merger (including any shares of Parent Common Stock underlying Company Stock Options assumed by Parent under Section 2.04) to be listed on the Nasdaq, subject to official notice of issuance.

Section 7.05. *Blue Sky Laws.* Parent shall take such steps as may be necessary to comply with the securities and blue sky laws of all jurisdictions which are applicable to the issuance of Parent Common Stock in connection with the Merger.

Section 7.06. *Employee Benefits Plans.* (a) For one year after the Effective Time, Parent will cause the employees of the Company and its Subsidiaries who continue employment with Parent after the Effective Time (the "**Continuing Employees**") to have benefits (excluding equity compensation) that are substantially similar or more advantageous, in the aggregate, to the benefits provided by Parent or its subsidiaries to employees of Parent or its subsidiaries (and their eligible dependants) serving in comparable positions. Each such Continuing Employee will receive credit for purposes of eligibility to participate and vesting under Parent's plans for years of service with the Company (or any of its Subsidiaries) prior to the Effective Time. Subject to any third party insurer's consent, Parent will cause any and all pre-existing condition limitations, eligibility waiting periods and evidence of insurability requirements under any group health plans of Parent in which such employees and their eligible dependants will participate to be waived (to the extent not applicable under the Company's Plans) and will provide credit for any co-payments and deductibles prior to the Effective Time but in the plan year which includes the Effective Time for purposes of satisfying any applicable deductible, out-of-pocket or similar requirements under any such plans that may apply for such plan year after the Effective Time.

(b) The Company shall terminate its Employee Stock Purchase Plan (the "**Company ESPP**") prior to the Effective Time and shall either (i) amend the Company ESPP to cause the exercise of each outstanding purchase right under the Company ESPP no less than five Business Days prior to the Effective Time, with no further purchase period or offering period to commence under the Company ESPP following such date or (ii) cause all unused payroll deductions as of the date of such termination to be returned to participants in accordance with the terms of the Company ESPP. The Company employees who meet the eligibility requirements for participation in Parent's Employee Stock Purchase Plan

("Parent ESPP") shall be eligible to participate in the Parent ESPP starting with the first offering period of the Parent ESPP that begins after the Effective Time.

ARTICLE 8
Covenants of Parent and the Company

The parties hereto agree that:

Section 8.01. *Reasonable Best Efforts.* (a) Subject to the terms and conditions of this Agreement, the Company and Parent shall use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law to consummate the transactions contemplated by this Agreement, including (i) preparing and filing as promptly as practicable with any Governmental Authority or other third party all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other third party that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, (iii) defending any lawsuits or other proceedings challenging this Agreement and (iv) satisfying the conditions to closing set forth under Article 9 hereof. The Company and Parent shall cooperate with each other in connection with the making of all such filings, including providing copies of all such documents to the non-filing party and its advisors prior to filing and, if requested, to accept all reasonable additions, deletions or changes suggested in connection therewith. The Company and Parent shall use their respective reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to the rules and regulations of any Applicable Law in connection with the transactions contemplated by this Agreement.

(b) In furtherance and not in limitation of the foregoing, and subject to the terms hereof, each of Parent and the Company agrees, and shall cause each of their respective Subsidiaries, to cooperate and to use their respective reasonable efforts to make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable and in any event within 10 Business Days of the date hereof and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

(c) Notwithstanding anything to the contrary herein, nothing in this Section 8.01 shall require either Parent or any of its Subsidiaries to: (i) agree to or

to effect any divestiture of, or hold separate (including by establishing a trust or otherwise), or agree to restrict its ownership or operation of, any business or assets of the Company or its Subsidiaries or of Parent or its Subsidiaries, or to enter into any settlement or consent decree, or agree to any undertaking, with respect to any business or assets of the Company or its Subsidiaries or of Parent or its Subsidiaries, (ii) enter into, amend or agree to enter into or amend, any contracts or agreements of the Company or its Subsidiaries or of Parent or its Subsidiaries, (iii) otherwise waive, abandon or alter any material rights or obligations of the Company or its Subsidiaries or of Parent or its Subsidiaries or (iv) file or defend any lawsuit, appeal any judgment or contest any injunction issued in a proceeding initiated by a Governmental Authority, except in the case of clauses (i) through (iv) as would not, individually or in the aggregate, have an impact that is both material in comparison to, and adverse to, the benefits that would be reasonably expected to accrue to Parent from the Merger or the consummation of the transactions contemplated hereby.

Section 8.02. *Certain Filings.* (a) The Company and Parent shall cooperate with one another (i) in connection with the preparation of the Registration Statement and the Proxy Statement, (ii) in determining whether any action by or in respect of, or filing with, any Governmental Authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and (iii) in taking such actions or making any such filings, furnishing information required in connection therewith or with the Registration Statement or the Proxy Statement and seeking timely to obtain any such actions, consents, approvals or waivers.

(b) As promptly as practicable after the execution of this Agreement, Parent and the Company shall prepare the Registration Statement (which shall include the Proxy Statement as part of the prospectus contained therein) and Parent shall file with the SEC the Registration Statement. Parent and the Company shall use their reasonable best efforts to cause the Registration Statement to be declared effective under the 1933 Act and to cause the Proxy Statement to be cleared by the SEC as promptly as practicable after such filings. Each of Parent and the Company will respond to any comments of the SEC as promptly as practicable after receipt thereof. The Company will cause the Proxy Statement to be mailed to its stockholders at the earliest practicable time after the Registration Statement is declared effective under the 1933 Act and the Proxy Statement is cleared by the SEC. Each of Parent and the Company shall provide the other party and its counsel with (i) any comments or other communications, whether written or oral, that such party or its counsel may receive from time to time from the SEC or its staff with respect to the Registration Statement or the Proxy Statement promptly after receipt of those comments or other communications and (ii) a reasonable opportunity to participate in the response to those comments and to provide comments on that response (to which reasonable

and good faith consideration shall be given), including by participating in any discussions or meetings with the SEC. Each of Parent and the Company will cause all documents that it is responsible for filing with the SEC or other regulatory authorities under this Section 8.02 to comply in all material respects with all applicable requirements of law and the rules and regulations promulgated thereunder. Whenever any event occurs which is required to be set forth in an amendment or supplement to the Registration Statement or the Proxy Statement or any filing pursuant to Section 8.02(c), Parent or the Company, as the case may be, will promptly inform the other of such occurrence and cooperate in filing with the SEC or its staff or any other government officials, and/or mailing to stockholders of the Company, such amendment or supplement.

(c) Parent and the Company shall make all necessary filings with respect to the Merger under the 1933 Act, the 1934 Act, applicable state blue sky laws and the rules and regulations thereunder.

Section 8.03. *Public Announcements.* Parent and the Company shall consult with each other, and shall mutually agree, before issuing any press release, before making any other public statement or scheduling any press conference or conference call with investors or analysts with respect to this Agreement or the transactions contemplated hereby and, except as may be required by Applicable Law or any listing agreement with or rule of any national securities exchange or association, shall not issue any such press release, make any such other public statement or schedule any such press conference or conference call before such consultation and agreement.

Section 8.04. *Further Assurances.* At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Merger Subsidiary, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Merger Subsidiary, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 8.05. *Notices of Certain Events.* Each of the Company and Parent shall promptly notify the other of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement;

(c) any actions, suits, claims or proceedings commenced with a Governmental Authority or arbitrator (or investigations commenced of which the Company is aware) or, to the Knowledge of the Company, threatened against or otherwise affecting the Company or any of its Subsidiaries or Parent and any of its Subsidiaries, as the case may be, that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Sections 4.12, 4.13, 4.19, 4.22, 4.23 or 4.20, as the case may be, or that relate to the consummation of the transactions contemplated by this Agreement;

(d) any inaccuracy of any representation or warranty contained in this Agreement at any time during the term hereof that would reasonably be expected to cause the condition set forth in Section 9.02(a) not to be satisfied; and

(e) any failure of that party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder;

provided, however, that the delivery of any notice pursuant to this Section 8.05 shall not limit or otherwise affect the remedies available hereunder to the party receiving that notice.

Section 8.06. *Tax-Free Reorganization.* (a) Prior to the Effective Time, each of Parent and the Company shall use its best efforts to cause the Merger to qualify as a 368 Reorganization, and shall not take any action reasonably likely to cause the Merger not so to qualify. Parent shall not take, or cause the Company to take, any action after the Effective Time reasonably likely to cause the Merger not to qualify as a 368 Reorganization.

(b) Each of Parent and the Company shall use its best efforts to obtain the opinions referred to in Sections 9.02(c) and 9.03(b).

Section 8.07. *Affiliates.* Prior to the Company Stockholder Meeting, the Company shall deliver to Parent a letter identifying all known Persons who may be deemed affiliates of the Company under Rule 145 of the 1933 Act. The Company shall use its reasonable best efforts to obtain prior to the Effective Time a written agreement from each Person who may be so deemed, substantially in the form of Exhibit B hereto.

Section 8.08. *Certain Section 16 Matters.* On or after the date of this Agreement and prior to the Effective Time, each of Parent and the Company shall take actions consistent with all current applicable interpretation and guidance of the SEC to cause any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) or any acquisitions of Parent Common Stock (including derivative securities with respect to Parent Common Stock) resulting from the transactions contemplated by this Agreement by each director or officer who is subject to the reporting requirements of Section

16(a) of the 1934 Act to be exempt from the short-swing profit liability rules of Section 16(b) of the 1934 Act pursuant to Rule 16b-3 promulgated thereunder.

ARTICLE 9
Conditions to the Merger

Section 9.01. *Conditions to the Obligations of Each Party.* The obligations of the Company, Parent and Merger Subsidiary to consummate the Merger are subject to the satisfaction of the following conditions:

- (a) the Company Stockholder Approval shall have been obtained in accordance with Massachusetts Law;
- (b) no Applicable Law shall prohibit the consummation of the Merger;
- (c) any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated;
- (d) the Registration Statement shall have been declared effective and no stop order suspending the effectiveness of the Registration Statement or shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC; and
- (e) the shares of Parent Common Stock to be issued in connection with the Merger (including any shares of Parent Common Stock underlying Company Stock Options assumed by Parent under Section 2.04) shall have been approved for listing on the Nasdaq, subject to official notice of issuance.

Section 9.02. *Conditions to the Obligations of Parent and Merger Subsidiary.* The obligations of Parent and Merger Subsidiary to consummate the Merger are subject to the satisfaction of the following further conditions:

- (a) (i) the Company shall have performed in all material respects all of its covenants hereunder required to be performed by it at or prior to the Effective Time, (ii) the representations and warranties of the Company contained in this Agreement (A) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects (other than representations and warranties made as of a specified date or for a specified period, which shall be true and correct as of such specified date or for such specified period) and (B) that are qualified by materiality or Material Adverse Effect shall, disregarding all such qualifications and exceptions, be true and correct at and as of the Effective Time as if made at and as of such time (other than representations and warranties made as of a specified date or for a specified period, which shall be true and correct as of such specified date or for such specified period), with only such exceptions as have not had and would not reasonably be expected to have over a commercially

reasonable period of time (which period of time shall not be less than one year), individually or in the aggregate, a Material Adverse Effect on the Company and (iii) Parent shall have received a certificate signed by the Chief Executive Officer of the Company to the foregoing effect;

(b) there shall not have been instituted and be pending any action or proceeding by any Governmental Authority (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the consummation of the Merger or seeking to obtain material damages relating to the transactions contemplated by the Merger, (ii) seeking to restrain or prohibit Parent's, Merger Subsidiary's or any of Parent's other Affiliates' (A) ability effectively to exercise full rights of ownership of the Company Common Stock, including the right to vote any shares of Company Common Stock acquired or owned by Parent, Merger Subsidiary or any of Parent's other Affiliates following the Effective Time on all matters properly presented to the Company's stockholders, or (B) ownership or operation (or that of its respective Subsidiaries or Affiliates) of all or any material portion of the business or assets of the Company and its Subsidiaries, taken as a whole, or of Parent and its Subsidiaries, taken as a whole, or (iii) seeking to compel Parent or any of its Subsidiaries or Affiliates to dispose of or hold separate all or any material portion of the business or assets of the Company and its Subsidiaries, taken as a whole, or of Parent and its Subsidiaries, taken as a whole;

(c) Parent shall have received an opinion of Davis Polk & Wardwell in form and substance reasonably satisfactory to Parent, on the basis of certain facts, representations and assumptions set forth in such opinion, dated the Effective Time, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provision of Section 368(a) of the Code and that each of Parent, Merger Subsidiary and the Company will be a party to the reorganization within the meaning of Section 368(a) of the Code. In rendering such opinion, such counsel shall be entitled to rely upon representations of officers of Parent and the Company substantially in the form of Exhibits C and D hereto; and

(d) there shall not have occurred or otherwise arisen before and be continuing as of the Effective Time any event, change or development which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company.

Section 9.03. *Conditions to the Obligations of the Company.* The obligations of the Company to consummate the Merger are subject to the satisfaction of the following further conditions:

(a) (i) each of Parent and Merger Subsidiary shall have performed in all material respects all of its covenants hereunder required to be performed by it at or prior to the Effective Time, (ii) the representations and warranties of Parent and

Merger Subsidiary contained in this Agreement (A) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects (other than representations and warranties made as of a specified date, which shall be true and correct as of such specified date) and (B) that are qualified by materiality or Material Adverse Effect shall, disregarding all such qualifications and exceptions, be true and correct at and as of the Effective Time as if made at and as of such time (other than representations and warranties made as of a specified date, which shall be true and correct as of such specified date), with only such exceptions as have not had and would not reasonably be expected to have over a commercially reasonable period of time (which period of time shall not be less than one year), individually or in the aggregate, a Material Adverse Effect on Parent and (iii) the Company shall have received a certificate signed by an executive officer of Parent to the foregoing effect; and

(b) the Company shall have received an opinion of Sullivan & Worcester LLP in form and substance reasonably satisfactory to the Company, on the basis of certain facts, representations and assumptions set forth in such opinion, dated the Effective Time, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code and that each of Parent, Merger Subsidiary and the Company will be a party to the reorganization within the meaning of Section 368(b) of the Code. In rendering such opinion, such counsel shall be entitled to rely upon representations of officers of Parent and the Company substantially in the form of Exhibit C and D hereto.

ARTICLE 10 Termination

Section 10.01. *Termination.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement by the stockholders of the Company):

(a) by mutual written agreement of the Company and Parent;

(b) by either the Company or Parent, if:

(i) the Merger has not been consummated on or before the date that is 75 days after the date on which the SEC declares the Registration Statement effective under the 1933 Act (as such date may be extended pursuant to clause (A) of this Section 10.01(b)(i), the “**End Date**”); *provided* that (A) if on the End Date any of the conditions set forth in Section 9.01(b) (by virtue of any Applicable Law relating to antitrust or competition matters), Section 9.01(c) or Section 9.02(b) (by

virtue of an action or proceeding relating to antitrust or competition matters) has not been satisfied or waived but in each case all other conditions to the Closing have been satisfied or waived or could be satisfied on the date of such termination, then the End Date shall be automatically extended to November 22, 2006, if such date is later than the End Date prior to such extension, and (B) the right to terminate this Agreement pursuant to this Section 10.01(b)(i) shall not be available to any party whose breach of any provision of this Agreement applicable to it has been the cause of, or resulted in, the failure of the Merger to be consummated by such time;

(ii) there shall be any Applicable Law that (A) makes consummation of the Merger illegal or otherwise prohibited or (B) enjoins the Company or Parent from consummating the Merger and such injunction shall have become final and nonappealable; or

(iii) at the Company Stockholder Meeting (including any adjournment or postponement thereof), the Company Stockholder Approval shall not have been obtained;

(c) by Parent, if:

(i) as permitted by Section 6.03, an Adverse Recommendation Change shall have occurred;

(ii) the Company shall have entered into, or publicly announced its intention to enter into, a definitive agreement or an agreement in principle with respect to a Superior Proposal;

(iii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the condition set forth in Section 9.02(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date; or

(iv) the Company shall have willfully and materially breached its obligations under Sections 6.02 and 6.03; or

(d) by the Company, if:

(i) at any time prior to receiving the Company Stockholder Approval, the Board of Directors of the Company authorizes the Company, subject to complying with the terms of this Agreement, to terminate this Agreement in order to enter into a binding, definitive agreement with respect to a Superior Proposal; *provided* that the Company shall have paid any amounts due pursuant to Section 11.04(b) in

accordance with the terms, and at the times, specified therein; and *provided further* that (A) the Company shall have provided Parent with written notice of its intent to terminate this Agreement pursuant to this Section 10.01(d)(i) at least three Business Days in advance of such termination, which written notice shall include the most current version of such agreement and a reasonably detailed summary of any other material terms and conditions relating thereto and (B) Parent does not make, within three Business Days of receipt of such written notice, an offer that the Board of Directors of the Company determines, in good faith after consultation with its financial advisors (which may be RBC Capital Markets Corporation) and taking into account all the terms and conditions of such offer (including any break-up fees, expense reimbursement provisions and conditions to consummation), would, if consummated, result in a transaction at least as favorable to the Company's stockholders as the transaction set forth in the Company's written notice delivered pursuant to clause (A) above, it being understood that the Company shall not enter into any such binding, definitive agreement during such three Business Day period. The Company agrees to notify Parent promptly if its intention to enter into any such agreement referred to in Section 10.01(d)(i)(A) shall change at any time after giving such notification; or

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Parent or Merger Subsidiary set forth in this Agreement shall have occurred that would cause the condition set forth in Section 9.03(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date.

The party desiring to terminate this Agreement pursuant to this Section 10.01 (other than pursuant to Section 10.01(a)) shall give written notice of such termination to the other party.

Section 10.02. *Effect of Termination.* If this Agreement is terminated pursuant to Section 10.01, this Agreement shall become void and of no effect without liability of any party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party hereto; *provided* that, if such termination shall result from the willful (i) failure of either party to fulfill a condition to the performance of the obligations of the other party or (ii) failure of either party to perform a covenant hereof, such party shall be fully liable for any and all liabilities and damages incurred or suffered by the other party as a result of such failure. The provisions of this Section 10.02 and Sections 11.04, 11.07, 11.08 and 11.09 (and the Confidentiality Agreement, subject to the terms thereof) shall survive any termination hereof pursuant to Section 10.01.

ARTICLE 11
Miscellaneous

Section 11.01. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given, if to Parent or Merger Subsidiary, to:

KLA-Tencor Corporation
160 Rio Robles
San Jose, California 95134
Attention: General Counsel
Facsimile No.: (408) 875-2002

with a copy to:

Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, California 94025
Attention: William M. Kelly, Esq.
William H. Aaronson, Esq.
Facsimile No.: (650) 752-2111

if to the Company, to:

ADE Corporation
80 Wilson Way
Westwood, Massachusetts 02090
Attention: Chief Financial Officer
Facsimile No.: (781) 467-0500

with a copy to:

Sullivan & Worcester LLP
One Post Office Square
Boston, Massachusetts 02109
Attention: William A. Levine, Esq.
Facsimile No.: (617) 338-2880

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

Section 11.02. *Survival of Representations and Warranties.* The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Effective Time.

Section 11.03. *Amendments and Waivers.* (a) Any provision of this Agreement may be amended or waived prior to the Effective Time if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective; *provided* that, after the Company Stockholder Approval without their further approval, no such amendment or waiver shall reduce the amount or change the kind of consideration to be received in exchange for the Company Common Stock.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 11.04. *Expenses.* (a) Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

(b) If a Payment Event (as hereinafter defined) occurs, the Company shall pay Parent (by wire transfer of immediately available funds), if, pursuant to clause (X) or clause (Y) of the definition thereof, simultaneously with the occurrence of such Payment Event or, if pursuant to clause (Z) of the definition thereof, within two Business Days following such Payment Event, a fee of \$15,000,000.

“**Payment Event**” means (X) the termination of this Agreement by Parent pursuant to Section 10.01(c)(i), 10.01(c)(ii) or 10.01(c)(iv), (Y) the termination of this Agreement by the Company pursuant to Section 10.01(d)(i) or (Z) the termination of this Agreement pursuant to Section 10.01(b)(i) or 10.01(b)(iii); but only in the case of clause (Z) of this definition if (A) prior to the Company Stockholder Meeting, or the End Date, as the case may be, an Acquisition Proposal shall have been made, and (B) within 12 months following the date of such termination: (1) the Company merges with or into, or is acquired, directly or indirectly, by merger or otherwise by, a Third Party; (2) a Third Party, directly or indirectly, acquires more than 50% of the total assets of the Company and its Subsidiaries, taken as a whole; (3) a Third Party, directly or indirectly, acquires more than 50% of the outstanding shares of Company Common Stock; or (4) the Company adopts or implements a plan of liquidation, recapitalization or share repurchase relating to more than 50% of the outstanding shares of Company Common Stock or an extraordinary dividend relating to more than 50% of such

outstanding shares or 50% of the assets of the Company and its Subsidiaries, taken as a whole.

(c) The Company acknowledges that the agreements contained in this Section 11.04 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Parent and Merger Subsidiary would not enter into this Agreement. Accordingly, if the Company fails promptly to pay any amount due to Parent pursuant to this Section 11.04, it shall also pay any reasonable costs and expenses incurred by Parent or Merger Subsidiary in connection with a legal action to enforce this Agreement that results in a judgment against the Company for such amount.

Section 11.05. *Disclosure Schedule References.* The parties hereto agree that any reference in a particular Section of the Company Disclosure Schedule shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) the representations and warranties (or covenants, as applicable) of the Company that are contained in (i) the corresponding Section of this Agreement and (ii) each other Section of this Agreement with respect to which it is reasonably clear from a reading of the exception or disclosure that such exception or disclosure is applicable to the representations and warranties contained in such other Section.

Section 11.06. *Binding Effect; Benefit; Assignment.* (a) The provisions of this Agreement shall be binding upon and, except as provided in Section 7.03, shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as provided in Section 7.03, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

(b) No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except that Parent or Merger Subsidiary may transfer or assign its rights and obligations under this Agreement, in whole or from time to time in part, to (i) one or more of their Affiliates at any time and (ii) after the Effective Time, to any Person; *provided* that such transfer or assignment shall not relieve Parent or Merger Subsidiary of its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to Parent or Merger Subsidiary.

Section 11.07. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 11.08. *Jurisdiction.* The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated

hereby shall be brought in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 11.01 shall be deemed effective service of process on such party.

Section 11.09. *WAIVER OF JURY TRIAL* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.10. *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 11.11. *Entire Agreement.* This Agreement and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 11.12. *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an

acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 11.13. *Specific Performance.* The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal court located in the State of Delaware or any Delaware state court, in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

KLA-TENCOR CORPORATION

By: /s/ Stuart J. Nichols
Name: Stuart J. Nichols
Title: Vice President and General Counsel

ADE CORPORATION

By: /s/ Brian C. James
Name: Brian C. James
Title: Executive Vice President, Treasurer and Chief Financial Officer

SOUTH ACQUISITION CORPORATION

By: /s/ Jeffrey L. Hall
Name: Jeffrey L. Hall
Title: President

VOTING AGREEMENT

AGREEMENT, dated as of February 22, 2006 between KLA-Tencor Corporation, a Delaware corporation (“**Parent**”), and (“**Stockholder**”), a stockholder in ADE Corporation, a Massachusetts corporation (the “**Company**”).

WHEREAS, in order to induce Parent and Merger Subsidiary to enter into an Agreement and Plan of Merger, dated as of the date hereof (the “**Merger Agreement**”; capitalized terms used but not defined herein shall have the respective meanings set forth in the Merger Agreement) with the Company, Parent has requested Stockholder, and Stockholder has agreed, to enter into this Agreement with respect to all shares of common stock, par value \$0.01 per share, of the Company that Stockholder beneficially owns (the “**Shares**”).

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

Grant of Proxy; Voting Agreement

Section 1.01. *Voting Agreement.* Stockholder hereby agrees to vote or exercise its right to consent with respect to all Shares that Stockholder is entitled to vote at the time of any vote or action by written consent to approve and adopt the Merger Agreement and the Merger at any meeting of the stockholders of the Company, and at any adjournment or postponement thereof, at which such Merger Agreement (or any amended version thereof) is submitted for the consideration and vote of the stockholders of the Company. Stockholder hereby agrees that it will not vote any Shares in favor of, or consent to, and will vote against and not consent to, the approval of any (i) Acquisition Proposal, (ii) reorganization, recapitalization, liquidation or winding-up of the Company or any other extraordinary transaction involving the Company or (iii) corporate action the consummation of which would frustrate the purposes, or prevent or delay the consummation, of the transactions contemplated by the Merger Agreement.

Section 1.02. *Irrevocable Proxy.* Stockholder hereby revokes any and all previous proxies granted with respect to the Shares. By entering into this Agreement, Stockholder hereby grants a proxy appointing Parent as the Stockholder’s attorney-in-fact and proxy, with full power of substitution, for and in the Stockholder’s name, to vote, express consent or dissent, or otherwise to utilize such voting power in the manner contemplated by Section 1.01 above as Parent or its proxy or substitute shall, in Parent’s sole discretion, deem proper with respect to the Shares. The proxy granted by Stockholder pursuant to this Article 1 is irrevocable and is granted in consideration of Parent entering into this

Agreement and the Merger Agreement and incurring certain related fees and expenses; *provided*, however, that the proxy granted by Stockholder shall be revoked upon termination of this Agreement in accordance with its terms.

ARTICLE 2
Representations and Warranties of Stockholder

Stockholder represents and warrants to Parent that:

Section 2.01. *Authorization.* Stockholder has full power and authority to execute and deliver this Agreement, to perform Stockholder's obligations hereunder and to consummate the transactions contemplated hereby. This Agreement constitutes a valid and binding agreement of Stockholder. If Stockholder is married and the Shares or other Company Securities set forth on Annex A hereto opposite Stockholder's name constitute community property under applicable law, this Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding agreement of, Stockholder's spouse.

Section 2.02. *Non-Contravention.* The execution, delivery and performance by Stockholder of this Agreement do not and will not (i) violate any judgment, injunction, order or decree applicable to Stockholder, (ii) require any consent or other action by any Person under any provision of any agreement or other instrument binding on Stockholder or (iii) result in the imposition of any Lien on the Shares.

Section 2.03. *Ownership of Shares.* Stockholder is the record and beneficial owner of the Shares, free and clear of any Lien and any other limitation or restriction (including any restriction on the right to vote or otherwise dispose of the Shares). None of the Shares is subject to any voting trust or other agreement or arrangement with respect to the voting of such Shares.

Section 2.04. *Total Shares.* As of the date of this Agreement, except for the Shares and other Company Securities set forth on Annex A hereto, Stockholder does not beneficially own any (i) shares of capital stock or voting securities of the Company, (ii) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (iii) options or other rights to acquire from the Company, or other obligation of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company.

Section 2.05. *Finder's Fees.* Except as disclosed in the Merger Agreement, no investment banker, broker, finder or other intermediary is entitled to a fee or commission from Parent or the Company in respect of this Agreement based upon any arrangement or agreement made by or on behalf of Stockholder.

ARTICLE 3
Representations and Warranties of Parent

Parent represents and warrants to Stockholder:

Section 3.01. *Corporate Authorization.* Parent has full power and authority to execute and deliver this Agreement, to perform Parent's obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement and the consummation by Parent of the transactions contemplated hereby are within the corporate powers of Parent and have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding agreement of Parent.

Section 3.02. *Non-Contravention.* The execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate the certificate of incorporation or bylaws of Parent or (ii) violate any applicable law, rule, regulation, judgment, injunction, order or decree.

ARTICLE 4
Covenants of Stockholder

Stockholder hereby covenants and agrees that:

Section 4.01. *No Proxies for or Encumbrances on Shares.* Except pursuant to the terms of this Agreement, Stockholder shall not, without the prior written consent of Parent, directly or indirectly, during the term of this Agreement, (i) grant any proxies or enter into any voting trust or other agreement or arrangement with respect to the voting of any Shares, (ii) sell, assign, transfer, encumber or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the direct or indirect sale, assignment, transfer, encumbrance or other disposition of, any Shares, except as may be specifically required by court order (in which case the transferee or party obtaining voting power over the Shares shall be bound by this Agreement) or (iii) seek or solicit any such sale, assignment, transfer, encumbrance or other disposition or any such contract, option or other arrangement or understanding, and agrees to notify Parent promptly and to provide all details requested by Parent, if Stockholder shall be approached or solicited, directly or indirectly, by any Person with respect to any of the foregoing. Notwithstanding the foregoing, the Stockholder may donate up to 12,000 Shares to a charity free and clear of the restrictions and provisions of this Agreement, and any such Shares received and held by a charity shall not be subject to the voting agreement set forth in Section 1.01 or the proxy set forth in Section 1.02 hereof or any other provisions of this Agreement.

Section 4.02. *Other Offers.* Stockholder and its subsidiaries (if any) shall not, and shall use their reasonable best efforts to cause their officers, directors, employees or other agents not to, directly or indirectly, during the term of this Agreement, (i) take any action to solicit or initiate any Acquisition Proposal or (ii) engage in negotiations with, or disclose any nonpublic information relating to the Company or any of its Subsidiaries or afford access to the properties, books or records of the Company or any of its Subsidiaries to any Person that may be considering making, or has made, an Acquisition Proposal or has agreed to endorse an Acquisition Proposal. Stockholder will promptly notify Parent after receipt of an Acquisition Proposal or any indication that any Person is considering making an Acquisition Proposal or any request for nonpublic information relating to the Company or any of its Subsidiaries or for access to the properties, books or records of the Company or any of its Subsidiaries by any Person that may be considering making, or has made, an Acquisition Proposal and will keep Parent fully informed of the status and details of any such Acquisition Proposal, indication or request; *provided*, however, that nothing in this Section 4.02 shall be deemed to prohibit any of the Company's officers, directors, employees or other agents from taking any action on behalf of the Company that is expressly permitted by Section 6.03 of the Merger Agreement.

Section 4.03. *Appraisal Rights.* Stockholder agrees not to exercise any rights to demand appraisal of any Shares (including under Chapter 156D of the Massachusetts General Laws or Section 262 of the General Corporation Law of the State of Delaware) that may arise with respect to the Merger.

ARTICLE 5
Miscellaneous

Section 5.01. *Fiduciary Duties.* The parties acknowledge and agree that Stockholder is signing this Agreement solely in such Stockholder's capacity as an owner of his, her or its Shares, and nothing herein shall prohibit, prevent or preclude such Stockholder from taking or not taking any action in his or her capacity as an officer or director of the Company.

Section 5.02. *Other Definitional and Interpretative Provisions.* The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections and Annexes are to Articles, Sections and Annexes of this Agreement unless otherwise specified. All Annexes attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Annex but not otherwise defined therein shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the

plural, and any plural term the singular. Any pronoun shall include the corresponding masculine, feminine and neuter forms, as appropriate. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import. “Writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

Section 5.03. *Further Assurances.* Parent and Stockholder will each execute and deliver, or cause to be executed and delivered, all further documents and instruments and use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations, to consummate and make effective the transactions contemplated by this Agreement.

Section 5.04. *Amendments; Termination.* Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or in the case of a waiver, by the party against whom the waiver is to be effective. This Agreement shall terminate upon the earlier of (i) the termination of the Merger Agreement in accordance with its terms and (ii) the Effective Time.

Section 5.05. *Expenses.* All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense, except that the Company shall pay the Stockholder’s costs and expenses.

Section 5.06. *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto, except that Parent may transfer or assign its rights and obligations to any Affiliate of Parent.

Section 5.07. *Governing Law.* This Agreement shall be construed in accordance with and governed by the laws of The State of Delaware, without regard to the conflict of law rules of such state.

Section 5.08. *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto. Until and

unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 5.09. *Severability*. If any term, provision or covenant of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 5.10. *Specific Performance*. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement is not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof in addition to any other remedy to which they are entitled at law or in equity.

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

KLA-TENCOR CORPORATION

By: _____

Name:

Title:

Shares and Other Company Securities Owned by Stockholder

Class of Shares or Other
Company Securities

Shares Owned

FORM OF RULE 145 LETTER

,2006

KLA-Tencor Corporation
160 Rio Robles
San Jose, California 95134

ADE Corporation
80 Wilson Way
Westwood, Massachusetts 02090

Ladies and Gentlemen:

The undersigned has been advised that, as of the date of this letter, the undersigned may be deemed to be an “affiliate” of ADE Corporation, a Massachusetts corporation (the “**Company**”), as the term “affiliate” is defined for purposes of paragraphs (c) and (d) of Rule 145 of the rules and regulations (the “**Rules and Regulations**”) of the Securities and Exchange Commission (the “**SEC**”) under the Securities Act of 1933, as amended (the “**1933 Act**”). Pursuant to the terms of the Agreement and Plan of Merger dated as of February [21], 2006 (the “**Merger Agreement**”) among the Company, KLA-Tencor Corporation, a Delaware corporation (“**Parent**”), and South Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of Parent (“**Merger Subsidiary**”), Merger Subsidiary will be merged with and into the Company with the Company to be the surviving corporation in the merger (the “**Merger**”).

As a result of the Merger, the undersigned will receive shares of common stock, par value \$0.001 per share, of Parent (“**Parent Common Stock**”) in exchange for shares of Company Common Stock (as defined in the Merger Agreement) owned by the undersigned.

The undersigned represents, warrants and covenants to Parent and the Company that, as of the date the undersigned receives any Parent Common Stock as a result of the Merger:

- A. The undersigned shall not make any sale, transfer or other disposition of the Parent Common Stock in violation of the 1933 Act or the Rules and Regulations.
 - B. The undersigned has carefully read this letter and the Merger Agreement and discussed, to the extent the undersigned felt necessary with the undersigned’s counsel or counsel for the Company, the requirements of such documents and other applicable limitations upon the undersigned’s ability to sell, transfer or otherwise dispose of Parent Common Stock acquired in the Merger.
-

C. The undersigned has been advised that the issuance of Parent Common Stock to the undersigned pursuant to the Merger will be registered with the SEC under the 1933 Act on a Registration Statement on Form S-4. The undersigned has also been advised that, because, at the time the Merger is submitted for a vote of the shareholders of the Company, the undersigned may be deemed an affiliate of the Company, the undersigned may not sell, transfer or otherwise dispose of Parent Common Stock issued to the undersigned in the Merger unless such sale, transfer or other disposition (i) has been registered under the 1933 Act, (ii) is made in conformity with Rule 145 promulgated by the SEC under the 1933 Act, or (iii) in the opinion of counsel reasonably acceptable to Parent, or pursuant to a "no action" letter obtained by the undersigned from the SEC staff, is otherwise exempt from registration under the 1933 Act.

D. The undersigned understands that Parent is under no obligation to register the sale, transfer or other disposition of Parent Common Stock acquired in the Merger by the undersigned or on the undersigned's behalf under the 1933 Act or to take any other action necessary in order to enable the undersigned to make such sale, transfer or other disposition in compliance with an exemption from such registration.

E. The undersigned also understands that there will be placed on the certificates for Parent Common Stock acquired in the Merger issued to the undersigned, or on any substitutions therefor, a legend stating in substance:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF ONLY IN ACCORDANCE WITH THE TERMS OF A LETTER AGREEMENT BETWEEN THE REGISTERED HOLDER HEREOF AND KLA-TENCOR CORPORATION, A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICES OF KLA-TENCOR CORPORATION"

F. The undersigned also understands that, unless the transfer by the undersigned of the undersigned's Parent Common Stock acquired in the Merger has been registered under the 1933 Act or is a sale made in conformity with the provisions of Rule 145, Parent reserves the right to put the following legend on the certificates issued to the undersigned's transferee:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND WERE ACQUIRED FROM A PERSON WHO RECEIVED SUCH SECURITIES IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE SECURITIES HAVE NOT BEEN ACQUIRED BY THE HOLDER WITH A VIEW TO, OR FOR RESALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933.”

It is understood and agreed that the legends set forth in paragraphs E and F above shall be removed by delivery of substitute certificates without such legend if (i) the securities represented thereby have been registered for sale by the undersigned under the 1933 Act or (ii) Parent has received either an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to Parent, or a “no-action” letter obtained by the undersigned from the SEC staff to the effect that the restrictions imposed by Rule 145 under the 1933 Act no longer apply to the undersigned. Parent hereby agrees that, at the request of the undersigned, it will direct its counsel to deliver such an opinion if, as of the date of such request, the undersigned is not an affiliate of the Company and all of the other conditions specified in either Rule 145(d)(2) or Rule 145(d)(3) are satisfied.

G. The undersigned further understands and agrees that the representations, warranties, covenants and agreements of the undersigned set forth herein are for the benefit of Parent, the Company and the Surviving Corporation (as defined in the Merger Agreement) and will be relied upon by such firms and their respective counsel and accountants.

H. The undersigned understands and agrees that this letter agreement shall apply to all shares of Parent Common Stock acquired in the Merger that are deemed beneficially owned by the undersigned pursuant to applicable federal securities laws.

Execution of this letter should not be considered an admission on the part of the undersigned that the undersigned is an "affiliate" of the Company as described in the first paragraph of this letter, nor as a waiver of any rights that the undersigned may have to object to any claim that the undersigned is such an affiliate on or after the date of this letter.

Very truly yours,

By: _____
Name:

Accepted this ___ day of
_____, 2006 by

KLA-TENCOR CORPORATION

By: _____
Name:
Title:

[KLA Letterhead]

,2006

Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025

Sullivan & Worcester LLP
One Post Office Square
Boston, Massachusetts 02109

Ladies and Gentlemen:

This letter is being delivered in connection with the opinions to be delivered pursuant to Sections 9.02(c) and 9.03(b) of the Agreement and Plan of Merger (the **Merger Agreement**)¹, dated as of February 22, 2006, among KLA-Tencor Corporation, a Delaware corporation (**Parent**), ADE Corporation, a Massachusetts corporation (the **Company**), and South Acquisition Corporation, a Delaware corporation and a direct wholly-owned subsidiary of Parent (**MergerSub**), pursuant to which MergerSub shall be merged with and into the Company, the separate corporate existence of MergerSub shall cease, and the Company shall continue as the surviving corporation (the **Merger**). The undersigned officer of each of Parent and Merger Sub, on behalf of Parent and Merger Sub, hereby certifies and represents that the statements and representations herein are true, correct and complete at the date hereof and will be true, correct and complete at the Effective Time:

1. Parent's and Merger Sub's principal reasons for participating in the Merger are bona fide business purposes not related to taxes.
2. The consideration to be received in the Merger by holders of Company Common Stock was determined by arm's length negotiations between the managements of Parent and the Company. In connection with the Merger, no holder of Company Common Stock will receive in exchange for such stock, directly or indirectly, any consideration other than Parent Common Stock and cash in lieu of fractional shares of Parent Common Stock.
3. The fair market value of the Parent Common Stock and cash in lieu of fractional shares of Parent Common Stock received by each holder of

¹ All defined terms used herein and not otherwise defined have the meanings ascribed to them in the Merger Agreement.

Company Common Stock will be approximately equal to the fair market value of the Company Common Stock surrendered in exchange therefor.

4. The Parent Common Stock for which Company Common Stock will be exchanged in the Merger will be entitled to vote in the election of directors of Parent and on all other matters put forth to the stockholders of Parent.

5. Pursuant to the Merger, as of the Effective Time, shares of Company Common Stock representing control of the Company will be exchanged solely for voting stock of Parent.² For purposes of this representation, shares of Company Common Stock redeemed or disposed of pursuant to the exercise of dissenters' rights under applicable laws or exchanged for cash or other property furnished, directly or indirectly, by Parent or any affiliate of Parent shall be treated as outstanding Company Common Stock at the Effective Time.

6. To the best knowledge of the management of Parent, at the Effective Time, the Company will not have outstanding any warrants, options, convertible securities, or any other type of rights pursuant to which any Person could acquire stock in the Company that, if exercised or converted, would affect Parent's acquisition or retention of control of the Company.

7. Parent has no plan or intention to cause or permit the Company, after the Effective Time, to issue additional shares of stock (or securities, options, warrants or instruments giving the holder thereof the right to acquire Company Common Stock) that would (or if exercised would) result in Parent losing control of the Company.

8. The payment of cash in lieu of fractional shares of Parent Common Stock to holders of Company Common Stock is solely for the purpose of avoiding the expense and inconvenience to Parent of issuing fractional shares and does not represent separately bargained for consideration. The total amount of cash that will be paid to holders of Company Common Stock instead of issuing fractional shares of Parent Common Stock will not exceed one percent of the total consideration that will be issued in the Merger to holders of Company Common Stock in exchange for shares of Company Common Stock. The fractional share interests of each holder of Company Common Stock will be aggregated, and no holder of Company Common Stock will receive cash in lieu of fractional shares in an amount equal to or greater than the value of one full share of Parent Common Stock, except for any cases in which a holder of Company Common Stock holds beneficial interests in shares of the Company through more than one account and such multiple accounts cannot be aggregated, either because the beneficial interest

² For purposes of this representation letter, "control" with respect to a corporation shall mean ownership of at least (i) 80 percent of the total combined voting power of all classes of stock entitled to vote and (ii) 80 percent of the total number of shares of each other class of stock of the corporation.

cannot be identified or it would be improper or impracticable to do so, and in any cases in which the same stockholder owns stock in multiple accounts and Parent cannot aggregate those accounts through use of their common taxpayer identification number or EIN or otherwise (in which case no account will receive more than a fraction of one share in cash).

9. Neither Parent nor any affiliate of Parent has any plan or intention, directly or indirectly, to redeem, purchase, exchange or otherwise reacquire (including by derivative transactions such as an equity swap which would have the economic effect of an acquisition) any of the Parent Common Stock to be issued in the Merger, other than possible repurchases of unvested shares of employees or consultants in connection with terminations of services or stock repurchases pursuant to a stock repurchase plan adopted prior to the date of the Merger Agreement by Parent (i) made in the open market for stock of the Parent which is widely held and publicly traded (except that Parent may acquire stock in block trades made directly with an entity that has represented to Parent that such entity did not acquire such stock in the Merger) and (ii) limited to, in the aggregate, the number of shares of Parent Common Stock issued and outstanding prior to the Effective Time.

10. After the Merger, no dividends or distributions will be made to the former holders of Company Common Stock by Parent other than dividends or distributions made to all holders of Parent Common Stock.

11. As of the Effective Time, neither Parent nor any affiliate of Parent will own beneficially or of record, or, will have owned beneficially or of record during the five years preceding the Effective Time, any shares of Company Common Stock or other securities, options, warrants or instruments giving the holder thereof the right to acquire Company Common Stock or other securities issued by the Company.

12. Prior to the Merger, Parent will be in control of MergerSub. Parent has no plan or intention to cause MergerSub to, and MergerSub has no plan or intention to, issue additional shares of its stock that would result in Parent not being in control of MergerSub at the Effective Time.

13. MergerSub is being formed solely to effect the Merger and it will not conduct any business or other activities prior to the Merger. MergerSub will have no liabilities that will be assumed by the Company in the Merger and it will not transfer any assets to the Company in the Merger that are subject to any liabilities.

14. Immediately after the Effective Time, to the best knowledge of the management of Parent and MergerSub, the Company will hold at least 90% of the fair market value of its net assets and at least 70% of the fair market value of its gross assets and the Company will hold at least 90% of the fair market value of MergerSub's net assets and at least 70% of the fair market value of MergerSub's

gross assets held immediately prior to the Effective Time. For purposes of this representation, amounts paid or incurred by the Company in connection with the Merger, including amounts used (or to be used) by the Company to pay Merger expenses, amounts paid (or to be paid) by the Company to holders of Company Common Stock pursuant to the exercise of dissenters' rights under applicable laws, amounts paid by the Company to stockholders who receive cash or other property, amounts paid (or to be paid) by the Company to redeem stock, securities, warrants or options of the Company, or to repay any indebtedness of the Company, as part of any overall plan of which the Merger is a part and amounts distributed (or to be distributed) by the Company to stockholders of the Company (except for regular, normal dividends) as part of any overall plan of which the Merger is a part, will be treated as constituting assets of the Company immediately prior to the Effective Time.

15. Following the Merger, Parent will continue the conduct of the Company's historic business or use a significant portion of the Company's historic business assets in a business. For this purpose, Parent will be treated as holding all of the businesses and assets of its Qualified Group. If Parent's Qualified Group owns an interest in a partnership, Parent will be treated as owning a proportionate share of the Company business assets used in a business of that Partnership. Parent will be treated as conducting a business of any partnership in which members of Parent's Qualified Group own a significant interest and have active and substantial management functions as a partner with respect to that partnership business. As defined in Treasury Regulation Section 1.368-1(d)(iii), a Qualified Group is one or more chains of corporations connected through stock ownership with Parent but only if Parent is in control of at least one other corporation and each of the corporations (other than Parent) is controlled directly by one of the other corporations.

16. Parent has no plan or intention following the Merger to (i) liquidate the Company, (ii) merge the Company with or into another entity, (iii) sell, exchange, distribute or otherwise dispose of the stock of the Company, except for transfers (including successive transfers) of such stock to one or more corporations controlled by the transferor corporation at the time of such transfer or (iv) permit or cause the Company to sell, exchange or otherwise dispose of any of its assets, or any of the assets it acquires from MergerSub, except for dispositions in the ordinary course of its business or transfers (including successive transfers) of assets to one or more corporations controlled, in the case of each transfer, by the transferor corporation.

17. Parent and MergerSub each will pay its or their own expenses, if any, incurred in connection with or as part of the Merger or related transactions. Neither Parent nor MergerSub has paid or will pay, directly or indirectly, any expenses (including transfer taxes) incurred by any holder of Company Common Stock in connection with or as part of the Merger or any related transactions. Neither Parent nor MergerSub has agreed to assume, nor will it directly or indirectly assume, any other expense or other liability, whether fixed or

contingent, of any holder of Company Common Stock, nor will Parent acquire in the Merger any Company Common Stock subject to any liabilities.

18. There is no intercorporate indebtedness existing between Parent or any of its subsidiaries, on the one hand, and the Company or any of its subsidiaries, on the other hand.

19. Neither Parent nor MergerSub is a regulated investment company within the meaning of Section 851 of the Code, a real estate investment trust within the meaning of Section 856 of the Code or a corporation fifty percent (50%) or more of the value of whose assets are stock and securities and eighty percent (80%) or more of the value of whose total assets are assets held for investment (each, an “**Investment Company**”). For purposes of this representation, in making the 50% and 80% determinations under the preceding sentence, (i) stock and securities in any subsidiary corporation shall be disregarded and the parent corporation shall be deemed to own its ratable share of the subsidiary’s assets and (ii) a corporation shall be considered a subsidiary if the parent owns 50% or more of the combined voting power of all classes of stock entitled to vote or 50% or more of the total value of shares of all classes of stock outstanding. In determining total assets there shall be excluded cash and cash items (including receivables), government securities and assets acquired (through incurring indebtedness or otherwise) for purposes of ceasing to be an Investment Company.

20. None of the compensation received or to be received by any employees or independent contractors of the Company is or will be separate consideration for or allocable to, any of their shares of Company Common Stock to be surrendered in the Merger. None of the shares of Parent Common Stock to be received by any employee or independent contractor of the Company in the Merger is or will be separate consideration for, or allocable to, any employment, consulting or similar arrangement. Any compensation paid or to be paid to any stockholder of the Company who will be an employee of or perform services for Parent, the Company or any affiliate thereof after the Merger, will be determined by bargaining at arm’s length.

21. The Merger will be carried out in accordance with the Merger Agreement, and as described in the Proxy Statement/Prospectus, and none of the material terms and conditions therein has been or will be waived or modified.

22. There are no agreements regarding the Merger other than those expressly referred to in the Merger Agreement.

23. Neither Parent nor MergerSub will take any position on any federal, state, or local income or franchise tax return, or take any other tax reporting position, that is inconsistent with the treatment of the Merger as a reorganization within the meaning of Section 368(a) of the Code or with any of the foregoing representations.

24. The undersigned officer is authorized to make all the certifications, representations and covenants on behalf of Parent and MergerSub set forth herein.

[Remainder of page left blank intentionally.]

We understand that each of you will rely on this letter in rendering your opinion as to certain United States federal income tax consequences of the Merger. As of the date hereof, we believe that all of the facts, representations and assumptions stated or referred to herein are consistent with the state of facts that will exist as of the Effective Time. We will immediately inform you if, after signing this letter, we have reason to believe that any of the facts described herein, in the Merger Agreement or in the Proxy Statement/Prospectus or any of the representations made in this letter are or have become untrue, incorrect or incomplete in any respect.

Very truly yours,

KLA-Tencor Corporation

By: _____

Name:

Title:

South Acquisition Corporation

By: _____

Name:

Title:

[ADE Letterhead]

,2006

Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025

Sullivan & Worcester LLP
One Post Office Square
Boston, Massachusetts 02109

Ladies and Gentlemen:

This letter is being delivered in connection with the opinions to be delivered pursuant to Sections 9.02(c) and 9.03(b) of the Agreement and Plan of Merger (the **Merger Agreement**)¹, dated as of February 22, 2006, among KLA-Tencor Corporation, a Delaware corporation (**Parent**), ADE Corporation, a Massachusetts corporation (the **Company**), and South Acquisition Corporation, a Delaware corporation and a direct wholly-owned subsidiary of Parent (**MergerSub**), pursuant to which MergerSub shall be merged with and into the Company, the separate corporate existence of MergerSub shall cease, and the Company shall continue as the surviving corporation (the **Merger**). The undersigned officer of the Company, on behalf of the Company, hereby certifies and represents that the statements and representations herein are true, correct and complete at the date hereof and will be true, correct and complete at the Effective Time:

1. The Company's principal reasons for participating in the Merger are bona fide business purposes not related to taxes.
2. The consideration to be received in the Merger by holders of Company Common Stock was determined by arm's length negotiations between the managements of Parent and the Company. In connection with the Merger, no holder of Company Common Stock will receive in exchange for such stock, directly or indirectly, any consideration other than Parent Common Stock and cash in lieu of fractional shares of Parent Common Stock.

¹ All defined terms used herein and not otherwise defined have the meanings ascribed to them in the Merger Agreement.

EXHIBIT D

3. The fair market value of the Parent Common Stock and cash in lieu of fractional shares of Parent Common Stock received by each holder of Company Common Stock will be approximately equal to the fair market value of the Company Common Stock surrendered in exchange therefor.

4. Pursuant to the Merger, as of the Effective Time, shares of Company Common Stock representing control of the Company will be exchanged solely for voting stock of Parent. For purposes of this representation letter, "control" with respect to a corporation shall mean ownership of at least (i) 80 percent of the total combined voting power of all classes of stock entitled to vote and (ii) 80 percent of the total number of shares of each other class of stock of the corporation. For purposes of this representation, shares of Company Common Stock redeemed or disposed of pursuant to the exercise of dissenters' rights under applicable laws or exchanged for cash or other property furnished, directly or indirectly, by Parent or any affiliate of Parent shall be treated as outstanding Company Common Stock at the Effective Time.

5. At the Effective Time, the Company will not have outstanding any warrants, options, convertible securities, or any other type of rights pursuant to which any Person could acquire stock in the Company that, if exercised or converted, would affect Parent's acquisition or retention of control of the Company.

6. The Company has no plan or intention to issue additional shares of stock (or securities, options, warrants or instruments giving the holder thereof the right to acquire Company Common Stock) after the Effective Time that would (or if exercised would) result in Parent losing control of the Company.

7. The payment of cash in lieu of fractional shares of Parent Common Stock to holders of Company Common Stock is solely for the purpose of avoiding the expense and inconvenience to Parent of issuing fractional shares and does not represent separately bargained for consideration. The total amount of cash that will be paid to holders of Company Common Stock instead of issuing fractional shares of Parent Common Stock will not exceed one percent of the total consideration that will be issued in the Merger to holders of Company Common Stock in exchange for shares of Company Common Stock.

8. Neither the Company nor any affiliate of the Company has redeemed or will redeem any stock of the Company prior to and in connection with or in contemplation of the Merger or has made or will make any distributions with respect to stock of the Company prior to and in connection with or in contemplation of the Merger.

9. To the best knowledge of the management of the Company, neither Parent nor any affiliate of Parent has any plan or intention, directly or indirectly,

to redeem, purchase, exchange or otherwise reacquire (including by derivative transactions such as an equity swap which would have the economic effect of an acquisition) any of the Parent Common Stock to be issued in the Merger, other than possible repurchases of unvested shares of employees or consultants in connection with terminations of services or stock repurchases pursuant to a stock repurchase plan adopted prior to the date of the Merger Agreement by Parent (i) made in the open market for stock of the Parent which is widely held and publicly traded (except that Parent may acquire stock in block trades made directly with an entity that has represented to Parent that such entity did not acquire such stock in the Merger) and (ii) limited to, in the aggregate, the number of shares of Parent Common Stock issued and outstanding prior to the Effective Time.

10. After the Merger, to the best knowledge of the management of the Company, no dividends or distributions will be made to the former holders of Company Common Stock by Parent other than dividends or distributions made to all holders of Parent Common Stock.

11. To the best knowledge of the management of the Company, as of the Effective Time, neither Parent nor any affiliate of Parent will own beneficially or of record, or will have owned beneficially or of record during the five years preceding the Effective Time, any shares of Company Common Stock or other securities, options, warrants or instruments giving the holder thereof the right to acquire Company Common Stock or other securities issued by the Company.

12. Immediately after the Effective Time, the Company will hold at least 90% of the fair market value of its net assets and at least 70% of the fair market value of its gross assets and, to the best knowledge of the management of the Company, at least 90% of the fair market value of MergerSub's net assets and at least 70% of the fair market value of MergerSub's gross assets held immediately prior to the Effective Time. For purposes of this representation, amounts paid or incurred by the Company in connection with the Merger, including amounts used (or to be used) by the Company to pay Merger expenses, amounts paid (or to be paid) by the Company to holders of Company Common Stock pursuant to the exercise of dissenters' rights under applicable laws, amounts paid by the Company to stockholders who receive cash or other property, amounts paid (or to be paid) by the Company to redeem stock, securities, warrants or options of the Company, or to repay any indebtedness of the Company, as part of any overall plan of which the Merger is a part and amounts distributed (or to be distributed) by the Company to stockholders of the Company (except for regular, normal dividends) as part of any overall plan of which the Merger is a part, will be treated as constituting assets of the Company immediately prior to the Effective Time.

13. No assets of the Company have been sold, transferred or otherwise disposed of that would prevent Parent from continuing the historic business of the

Company or from using a significant portion of its historic business assets in a business following the Merger. Following the Merger, to the best knowledge of the management of the Company, Parent will continue the conduct of the Company's historic business or use a significant portion of the Company's historic business assets in a business. For this purpose, Parent will be treated as holding all of the businesses and assets of its Qualified Group. If Parent's Qualified Group owns an interest in a partnership, Parent will be treated as owning a proportionate share of the Company business assets used in a business of that Partnership. Parent will be treated as conducting a business of any partnership in which members of Parent's Qualified Group own a significant interest and have active and substantial management functions as a partner with respect to that partnership business. As defined in Treasury Regulation Section 1.368-1(d)(iii), a Qualified Group is one or more chains of corporations connected through stock ownership with Parent but only if Parent is in control of at least one other corporation and each of the corporations (other than Parent) is controlled directly by one of the other corporations.

14. Except as may be provided in the voting agreements (in form attached as Exhibit A to the Merger Agreement), the Company and the holders of Company Common Stock each will pay its or their own expenses, if any, incurred in connection with or as part of the Merger or related transactions. Except as may be provided in the voting agreements (in form attached as Exhibit A to the Merger Agreement), the Company has not agreed to pay or assume, nor will it directly or indirectly assume, any expense or other liability, whether fixed or contingent, of any holder of Company Common Stock in connection with or as part of the Merger or any related transactions. Except as may be provided in the voting agreements (in form attached as Exhibit A to the Merger Agreement), no liabilities of the Company or, to the best knowledge of the management of the Company, the Company stockholders will be assumed by Parent, and, to the best knowledge of the management of the Company, Parent will not acquire in the Merger any Company Common Stock subject to any liabilities.

15. There is no intercorporate indebtedness existing between Parent or any of its subsidiaries, on the one hand, and the Company or any of its subsidiaries, on the other hand.

16. At the Effective Time, the fair market value of the assets of the Company will equal or exceed the sum of its liabilities, plus (without duplication) the amount of liabilities, if any, to which the Company's assets are subject.

17. The Company is not a regulated investment company within the meaning of Section 851 of the Code, a real estate investment trust within the meaning of Section 856 of the Code, or a corporation fifty percent (50%) or more of the value of whose assets are stock and securities and eighty percent (80%) or more of the value of whose total assets are assets held for investment (each, an

"Investment Company"). For purposes of this representation, in making the 50% and 80% determinations under the preceding sentence, (i) stock and securities in any subsidiary corporation shall be disregarded and the parent corporation shall be deemed to own its ratable share of the subsidiary's assets, and (ii) a corporation shall be considered a subsidiary if the parent owns 50% or more of the combined voting power of all classes of stock entitled to vote or 50% or more of the total value of shares of all classes of stock outstanding. In determining total assets there shall be excluded cash and cash items (including receivables), government securities, and assets acquired (through incurring indebtedness or otherwise) for purposes of ceasing to be an Investment Company.

18. None of the compensation received or to be received by any employees or independent contractors of the Company is or will be separate consideration for, or allocable to, any of their shares of Company Common Stock to be surrendered in the Merger. None of the shares of Parent Common Stock to be received by any employee or independent contractor of the Company in the Merger is or will be separate consideration for, or allocable to, any employment, consulting or similar arrangement. Any compensation paid or to be paid to any stockholder of the Company who will be an employee of or perform services for Parent, the Company, or any affiliate thereof after the Merger, will be determined by bargaining at arm's length.

19. The Company is not, and will not be, under the jurisdiction of a court in a "Title 11 or similar case." For purposes of the foregoing, a "Title 11 or similar case" means a case under Title 11 of the United States Code or a receivership, foreclosure, or similar proceeding in a United States federal or state court.

20. The Merger will be carried out in accordance with the Merger Agreement, and as described in the Proxy Statement/Prospectus, and none of the material terms and conditions therein has been or will be waived or modified.

21. There are no agreements regarding the Merger other than those expressly referred to in the Merger Agreement.

22. The Company will not take any position on any federal, state, or local income or franchise tax return, or take any other tax reporting position, that is inconsistent with the treatment of the Merger as a reorganization within the meaning of Section 368(a) of the Code or with any of the foregoing representations.

23. The undersigned officer is authorized to make all the certifications, representations and covenants on behalf of the Company set forth herein.

We understand that each of you will rely on this letter in rendering your opinion as to certain United States federal income tax consequences of the Merger. As of the date hereof, we believe that all of the facts, representations and assumptions stated or referred to herein are consistent with the state of facts that will exist as of the Effective Time. We will immediately inform you if, after signing this letter, we have reason to believe that any of the facts described herein, in the Merger Agreement or in the Proxy Statement/Prospectus or any of the representations made in this letter are or have become untrue, incorrect or incomplete in any respect.

Very truly yours,

ADE Corporation

By: _____
Name:
Title:

NEWS RELEASE

KLA-Tencor Contacts: Jeff Hall
Chief Financial Officer
(408) 875-6800
jeff.hall@kla-tencor.com

Uma Subramaniam (Media)
Director, Corporate Communications
(408) 875-5473
uma.subramaniam@kla-tencor.com

ADE Contact: Brian James
EVP and CFO
(781) 467-3500

FOR IMMEDIATE RELEASE

February 23, 2006

KLA-TENCOR TO ACQUIRE ADE CORPORATION
Leader in Semiconductor Yield Management and Process Control to Acquire
Leader in Bare-Wafer Metrology and Inspection

SAN JOSE, CA and WESTWOOD, MA — KLA-Tencor Corporation (NASDAQ: KLAC) and ADE Corporation (NASDAQ: ADEX) today jointly announced that they have signed a definitive agreement for KLA-Tencor to acquire ADE in a stock-for-stock transaction valued at approximately \$488 million based on the closing price of KLA-Tencor on February 22, 2006.

“This combination will allow us to use the significant industry presence of KLA-Tencor to accelerate the growth and development of new products within the semiconductor device area while also providing us with access to its world-wide semiconductor customer base,” said Dr. Chris L. Koliopoulos, ADE’s CEO and president. “Our current customers in the bare silicon wafer manufacturing industry will also gain access to a broader portfolio of defect inspection and metrology solutions.”

According to KLA-Tencor’s Chief Executive Officer Rick Wallace, “This acquisition is in line with our strategy to expand into adjacent markets with solid growth prospects. ADE is a well-managed company that has built a strong position in the bare-wafer market.”

Pursuant to the agreement, which has been unanimously approved by the boards of directors of both companies, each share of ADE common stock will be exchanged for 0.64 shares of KLA-Tencor common stock on a fixed basis. The transaction is anticipated to be a tax-free exchange to ADE stockholders and will be subject to customary closing conditions, including regulatory approvals and approval by ADE stockholders. The transaction is expected to close by early in the third calendar quarter of 2006.

A joint conference call with management participation from both ADE and KLA-Tencor will be held Monday, February 27, at 7:00 a.m. Pacific Standard Time. The call will also be simultaneously webcast at www.kla-tencor.com and www.ade.com where a replay of the webcast will also be made available.

Important Information

This document may be deemed to be solicitation material in respect of the proposed business combination of KLA-Tencor and ADE. In connection with the proposed transaction, a registration statement on Form S-4 will be filed by KLA-Tencor with the SEC. STOCKHOLDERS OF ADE ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS THAT WILL BE PART OF THE REGISTRATION STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The final proxy statement/prospectus will be mailed to stockholders of ADE and stockholders may obtain a free copy of the disclosure documents (when they become available) and other documents filed by ADE and KLA-Tencor with the SEC at the SEC's website at www.sec.gov, from ADE Corporation, 80 Wilson Way, Westwood, Massachusetts 02090, Attention: Chief Financial Officer, or from KLA-Tencor Corporation, 160 Rio Robles, San Jose, California 95134, Attention: General Counsel.

KLA-Tencor, ADE and their respective directors and executive officers and other members of management and employees may be deemed to participate in the solicitation of proxies in respect of the proposed transactions. Information regarding KLA-Tencor's directors and executive officers is available in KLA-Tencor's proxy statement for its 2005 annual meeting of stockholders, which was filed with the SEC on October 13, 2005, and information regarding ADE's directors and executive officers is available in ADE's annual report on Form 10-K for the year ended April 30, 2005, and its proxy statement for its 2005 annual meeting of stockholders, which are filed with the SEC. Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

About ADE Corporation

ADE Corporation is a leading supplier of metrology and inspection systems for the semiconductor wafer, semiconductor device, magnetic data storage and optics manufacturing industries. Wafer suppliers and device manufacturers worldwide rely on ADE measurement and inspection systems to certify and ensure the highest quality bare silicon substrates. ADE's most recent generation of products serve both 65nm in-line manufacturing applications and 45nm process development. Semiconductor device yields begin with the bare wafer and ADE's leading technology provides early insight into surface defect, shape, flatness and nanotopography of these advanced 300mm substrates. Additional information about ADE is available on the Internet at <http://www.ade.com>.

About KLA-Tencor: KLA-Tencor is the world leader in yield management and process control solutions for semiconductor manufacturing and related industries. Headquartered in San Jose, Calif., the company has sales and service offices around the world. An S&P 500 company, KLA-Tencor was named one of the Best Managed Companies in America for 2005 by *Forbes Magazine* and is the only company in the semiconductor industry to receive the accolade for this year. KLA-Tencor is traded on the Nasdaq National Market under the symbol KLAC. Additional information about KLA-Tencor is available on the Internet at <http://www.kla-tencor.com>.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains certain forward-looking statements within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and federal securities law. Such forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Those statements that make reference to expectations, predictions, beliefs, and assumptions should be considered forward-looking statements. These statements include, but are not limited to, those associated with the expected closing time for the proposed merger, the expectation that the proposed merger will be tax-free, the impact of the proposed merger on the growth and development and availability of existing and new products, and other expected benefits from the proposed merger. These statements involve risks and uncertainties including those associated with wafer pricing and wafer demand; the results of product development efforts; the success of product offerings to meet customer needs within the timeframes required by customers in these markets; disruption from the proposed merger making it more difficult to maintain relationships with customers, vendors and employees; the failure to obtain and retain expected synergies from the proposed merger; the failure of ADE shareholders to approve the proposed merger; delays in obtaining, or adverse conditions contained in, any required regulatory approvals; failure to consummate or delay in consummating the proposed merger for other reasons, changes in laws or regulations and other similar factors. Further information on potential factors that could affect KLA-Tencor's or ADE Corporation's respective businesses is contained in their reports on file with the Securities and Exchange Commission ("SEC"), including their respective Form 10-K's. KLA-Tencor and ADE are under no obligation to (and expressly disclaim any such obligation to) update or alter their respective forward-looking statements whether as a result of new information, future events or otherwise.