As filed with the Securities and Exchange Commission on September 21, 2009

Registration No. 333-151559

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 4
TO

Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Mistras Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	8711	22-3341267
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

195 Clarksville Road
Princeton Junction, New Jersey 08550
(609) 716-4000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Sotirios J. Vahaviolos, Ph.D.
Chairman, President and Chief Executive Officer
195 Clarksville Road
Princeton Junction, New Jersey 08550
(609) 716-4000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1) (2)	Amount of Registration Fee(3)
Common stock, $0.01 par value per share	$172,500,000	$9,625.50

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457(o) of the Securities Act.

(2) Includes shares of common stock that may be purchased by the underwriters to cover over-allotments, if any.

(3) $6,780 previously paid by wire transfer on June 6, 2008.

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

The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED September 21, 2009

Shares

Mistras Group, Inc.

Common Stock

Prior to this offering, there has been no public market for our common stock. The initial public offering price of the common stock is expected to be between $ and $ per share. We have applied to list our common stock on the New York Stock Exchange under the symbol “MG”.

We are selling shares of common stock and the selling stockholders are selling shares of common stock. We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders.

The underwriters have an option to purchase a maximum of and additional shares of common stock from us and the selling stockholders, respectively, to cover over-allotments of shares.

Investing in our common stock involves risks. See “Risk Factors” on page 14.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Mistras Group, Inc.	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total	$	$	$	$

Delivery of the shares of common stock will be made on or about , 2009.

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

Joint Book-Running Managers

J.P. Morgan **Credit Suisse** **BofA Merrill Lynch**

Robert W. Baird & Co.

The date of this prospectus is , 2009.

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Table of contents

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Industry and market data

This prospectus includes market and industry data and forecasts that we obtained from internal research, publicly available information and industry publications and surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Unless otherwise noted, statements as to our market position relative to our competitors are approximated and based on the above-mentioned third-party data and internal analysis and estimates as of the date of this prospectus. Although we believe the industry and market data and statements as to market position to be reliable as of the date of this prospectus, we have not independently verified this information and it could prove inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from sources cited herein.

Dealer prospectus delivery obligation

Until , 2009 (25 days after the commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

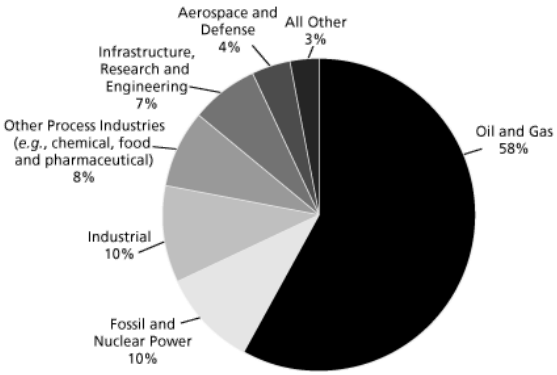
Prospectus summary

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the risks discussed under "Risk Factors" and the financial statements and related notes included elsewhere in this prospectus before making an investment decision. In this prospectus, our fiscal years, which end on May 31, are identified according to the calendar year in which they end (e.g., the fiscal year ended May 31, 2009 is referred to as "fiscal 2009"), and unless otherwise specified or the context otherwise requires, "Mistras," "we," "us" and "our" refer to Mistras Group, Inc. and its consolidated subsidiaries and their predecessors.

Our business

We are a leading global provider of technology-enabled asset protection solutions used to evaluate the structural integrity of critical energy, industrial and public infrastructure. We combine industry-leading products and technologies, expertise in mechanical integrity (MI) and non-destructive testing (NDT) services and proprietary data analysis software to deliver a comprehensive portfolio of customized solutions, ranging from routine inspections to complex, plant-wide asset integrity assessments and management. These mission critical solutions enhance our customers' ability to extend the useful life of their assets, increase productivity, minimize repair costs, comply with governmental safety and environmental regulations, manage risk and avoid catastrophic disasters. Given the role our services play in ensuring the safe and efficient operation of infrastructure, we have historically provided a majority of our services to our customers on a regular, recurring basis. We serve a global customer base of companies with asset-intensive infrastructure, including companies in the oil and gas, fossil and nuclear power, public infrastructure, chemicals, aerospace and defense, transportation, primary metals and metalworking, pharmaceuticals and food processing industries. As of August 1, 2009, we had approximately 2,000 employees, including 29 Ph.D.'s and more than 100 other degreed engineers and highly-skilled, certified technicians, in 68 offices across 15 countries. We have established long-term relationships as a critical solutions provider to many leading companies, including American Electric Power, Bayer, Bechtel, BP, Chevron, Dow Chemical, Duke Energy, DuPont, Embraer, ExxonMobil, First Energy, General Electric, Pfizer, Rio Tinto Alcan, Rolls Royce, Shell, The Boeing Company and Valero, and to various federal, state and local governmental infrastructure and defense authorities, including the departments of transportation of several states. The following chart represents revenues we generated in certain of our end markets for fiscal 2009.

Mistras revenues by end market (fiscal 2009)



Our asset protection solutions have evolved over time as we have combined the disciplines of NDT, MI services and data analysis software to provide value to our customers. The foundation of our business is NDT, which is the examination of assets without impacting the future usefulness or impairing the integrity of these assets. The ability to inspect infrastructure assets and not interfere with their operating performance makes NDT a highly attractive alternative to many traditional intrusive inspection techniques, which may require dismantling equipment or shutting down a plant, refinery, mill or site. Our MI services are a systematic engineering-based approach to developing best practices for ensuring the on-going integrity and safety of equipment and industrial facilities. MI services involve conducting an inventory of infrastructure assets, developing and implementing inspection and maintenance procedures, training personnel in executing these procedures and managing inspections, testing and assessments of customer assets. By assisting customers in implementing MI programs we enable them to identify gaps between existing and desired practices, find and track deficiencies and degradations to be corrected and establish quality assurance standards for fabrication, engineering and installation of infrastructure assets. We believe our MI services improve plant safety and reliability and regulatory compliance, and in so doing reduce maintenance costs. Our solutions also incorporate comprehensive data analysis from our proprietary asset protection software to provide customers with detailed, integrated and cost-effective solutions that rate the risks of alternative maintenance approaches and recommend actions in accordance with consensus industry codes and standards.

As a global asset protection leader, we provide a comprehensive range of solutions that includes traditional outsourced NDT inspection services, advanced asset protection solutions, such as MI services, and a proprietary portfolio of both hardware and software products and systems for capturing and analyzing inspection data in real-time. Our solutions are targeted to optimize the safety and operational performance of infrastructure-intensive industries during the design, fabrication, maintenance, inspection and retirement phases of the asset's life. Since inception,

we have increased our capabilities and the size of our customer base through the development of applied technologies and managed support services, organic growth and the successful and seamless integration of acquired companies. These acquisitions have provided us with additional products, technologies, resources and customers that have enhanced our sustainable competitive advantages over our competition.

We generated revenues of $209.1 million, $152.3 million and $122.2 million and adjusted EBITDA of $31.1 million, $28.1 million and $19.2 million for fiscal 2009, 2008 and 2007, respectively. For fiscal 2009, we generated over 80% of our revenues from our Services segment.

Our industry

Asset protection is a large and rapidly growing industry that consists of NDT inspection, MI services and inspection data warehousing and analysis. NDT plays a crucial role in assuring the operational and structural integrity of critical infrastructure without compromising the usefulness of the tested materials or equipment. The evolution of NDT services, in combination with broader industry trends and regulatory requirements, has made NDT an integral and increasingly outsourced part of many asset-intensive industries. Well-publicized industrial and public infrastructure failures and accidents have also raised the level of awareness of regulators, as well as owners and operators, of the benefits that asset protection can provide.

We believe the following key dynamics drive the growth of the asset protection industry:

- *Extending the Useful Life of Aging Infrastructure.* The prohibitive cost and challenge of building new infrastructure has resulted in the significant aging of existing infrastructure and caused companies to seek ways to extend the useful life of existing assets. Because aging infrastructure requires relatively higher levels of maintenance and repair, as well as more frequent, extensive and ongoing testing, companies and public authorities are increasing spending to ensure the operational and structural integrity of existing infrastructure.
- *Outsourcing of Non-Core Activities and Technical Resource Constraints*. While some of our customers have historically performed NDT services in-house, the increasing sophistication and automation of NDT programs, together with a decreasing supply of skilled professionals and stricter governmental regulations, has led many companies and public authorities to outsource NDT to providers that have the necessary technical product portfolio, engineering expertise, technical workforce and proven track record of results-oriented performance to effectively meet their increasing requirements.
- *Increasing Asset and Capacity Utilization.* Due to high energy prices, high repair and replacement costs and the limited construction of new infrastructure, existing infrastructure in some of our target markets is being used at higher capacities, causing increased stress and fatigue that accelerate deterioration. In order to sustain high capacity utilization rates, customers are increasingly using asset protection solutions to efficiently ensure the integrity and safety of their assets. Implementation of asset protection solutions can lead to increased productivity as a result of reduced maintenance-related downtime.
- *Increasing Corrosion from Low-Quality Inputs.* High commodities prices and increasing energy demands have led to the use of lower grade inputs and feedstock, such as low-grade coal or petroleum, in the refinery and power generation processes. These lower grade inputs can rapidly corrode the infrastructure they come into contact with, which in turn increases the

need for asset protection solutions to identify such corrosion and enable infrastructure owners to proactively combat the problems caused by such corrosion.

- *Increasing Use of Advanced Materials.* Customers in our target markets are increasingly utilizing advanced materials and other unique technologies in the manufacturing and construction of new infrastructure and aerospace applications. As a result, they require advanced testing, assessment and maintenance technologies to protect these assets. We believe that demand for NDT solutions will increase as companies and public authorities continue to use these advanced materials, not only during the operating phase of the lifecycle of their assets, but also during the design and construction phases by incorporating technologies such as embedded sensors.
- *Meeting Safety Regulations.* Owners and operators of infrastructure assets increasingly face strict government regulations and safety requirements. Failure to meet these standards can result in significant financial liabilities, increased scrutiny by the Occupational Safety & Health Administration (OSHA) and other regulators, higher insurance premiums and tarnished corporate brand value. As a result, these owners and operators are seeking highly reliable asset protection suppliers with a proven track record of providing asset protection services, products and systems to assist them in meeting these increasingly stringent regulations.
- *Expanding Addressable End-Markets.* Advances in NDT sensor technology and asset protection software systems, and the continued emergence of new technologies, are creating increased demand for asset protection solutions in applications where existing techniques were previously ineffective. Further, we expect increased demand in relatively new markets, such as the pharmaceutical and food processing industries, where infrastructure is only now aging to a point where significant maintenance is required.
- *Expanding Addressable Geographies.* We believe that a substantial driver of incremental demand will come from international markets, as companies and governments in these markets build and maintain infrastructure and applications that require the use of asset protection solutions.

Our competitive strengths

We believe the following competitive strengths contribute to our being a leading provider of asset protection solutions and will allow us to further capitalize on growth opportunities in our industry:

- *Single Source Provider for Asset Protection Solutions Worldwide.* We believe we are the only company with a comprehensive portfolio of proprietary and integrated asset protection solutions, including services, products and systems worldwide, which positions us to be the leading single source provider for a customer's asset protection requirements. In addition, collaboration between our services teams and product design engineers generates enhancements to our services, products and systems, which provide a source of competitive advantage compared to companies that provide only NDT services or NDT products.
- *Long-Standing Trusted Provider to a Diversified and Growing Customer Base.* By providing critical and reliable NDT services, products and systems for more than 30 years and expanding our asset protection solutions, we have become a trusted partner to a large and growing customer base across numerous infrastructure-intensive industries globally. Seven of our top 10 customers by fiscal 2009 revenues have used our solutions for at least 10 years. We leverage

our strong relationships to sell additional solutions to our existing customers while also attracting new customers. As asset protection is increasingly recognized by our customers as a strategic advantage, we believe our reputation and history of successful execution are key competitive differentiators.

- *Repository of Customer-Specific Inspection Data.* Our enterprise software solutions enable us to capture and store our customers' testing and inspection data in a centralized database. As a result, we have accumulated large amounts of proprietary information that allows us to provide our customers with value-added services, such as benchmarking, predictive maintenance, inspection scheduling, data analytics and regulatory compliance. We believe our ability to provide these customized products and services, along with the high cost of switching to an alternative vendor, provide us with significant competitive advantages.
- *Proprietary Products, Software and Technology Packages*. We have developed systems that have become the cornerstone of several unique NDT applications. These proprietary products allow us to efficiently and effectively provide unique solutions to our customers' complex applications, resulting in a significant competitive advantage. In addition to the proprietary products and systems that we sell to customers on a stand-alone basis, we also develop a range of proprietary sensors, instruments, systems and software used exclusively by our Services segment.
- *Deep Domain Knowledge and Extensive Industry Experience.* We are an industry leader in developing advanced asset protection solutions, including acoustic emission (AE) testing for non-intrusive on-line monitoring of storage tanks and pressure vessels, bridges and transformers, portable corrosion mapping, ultrasonic testing (UT) systems, on-line plant asset integrity management with sensor fusion, enterprise software solutions for plant-wide and fleet-wide inspection data archiving and management, advanced and thick composites inspection and ultrasonic phased array inspection of thick wall boilers. In addition, many of the members of our team have been instrumental in developing the testing standards followed by international standards-setting bodies, such as the American Society of Non-Destructive Testing and comparable associations in other countries.
- *Collaborating with Our Customers.* Our asset protection solutions have historically been designed in response to our customers' unique performance specifications and are supported by our proprietary technologies. Our sales and engineering teams work closely with our customers' research and design staff during the design phase of our products in order to incorporate our products into specified infrastructure projects. As a result, we believe that our close, collaborative relationships with our customers provide us a significant competitive advantage.
- *Experienced Management Team.* Our management team has a track record of leadership in NDT, averaging over 20 years experience in the industry. These individuals also have extensive experience in growing businesses organically and in acquiring and integrating companies, which we believe is important to facilitate future growth in the fragmented asset protection industry.

Our growth strategy

Our growth strategy emphasizes the following key elements:

- *Continue to Develop Technology-Enabled Asset Protection Services, Products and Systems.* We intend to maintain and enhance our technological leadership by continuing to invest in the internal development of new services, products and systems. Our highly trained team of Ph.D.'s, engineers and highly-skilled, certified technicians have been instrumental in developing numerous significant NDT standards, and we believe their knowledge base will enable us to innovate a wide range of new asset protection solutions more rapidly than our competition.
- *Increase Revenues from Our Existing Customers.* Many of our customers are multinational corporations with asset protection requirements from multiple divisions at multiple locations across the globe. Currently, we capture a relatively small portion of their overall expenditures on these solutions. We believe our superior services, products and systems, combined with the trend of outsourcing asset protection solutions to a small number of trusted service providers, positions us to significantly expand both the number of divisions and locations that we serve as well as the types of solutions we provide.
- *Add New Customers in Existing Target Markets.* Our current customer base represents a small fraction of the total number of companies in our target markets. Our scale, scope of products and services and expertise in creating technology-enabled solutions have allowed us to build a reputation for high quality and has increased customer awareness about us and our asset protection solutions. We intend to continue to leverage our competitive strengths to win new business as customers in our existing target markets continue to seek a single source and trusted provider of advanced asset protection solutions.
- *Expand Our Customer Base into New End Markets.* We believe we have significant opportunities to rapidly expand our customer base in relatively new end markets, including the maritime shipping, wind turbine and other alternative energy and natural gas transportation industries and the market for public infrastructure, such as highways and bridges. The expansion of our addressable markets is being driven by the increased recognition and adoption of asset protection services, products and systems and new NDT technologies enabling further applications to address additional end-market needs and aging infrastructure.
- *Continue to Capitalize on Acquisitions.* We intend to continue employing a disciplined acquisition strategy to broaden, complement and enhance our product and service offerings, add new customers and certified personnel, expand our sales channels, supplement our internal development efforts and accelerate our expected growth. We believe the market for asset protection solutions is highly fragmented with a large number of potential acquisition opportunities. We have a proven ability to integrate complementary businesses, as demonstrated by the success of our past acquisitions. We believe we have improved the operational performance and profitability of our acquired businesses by successfully integrating and selling our suite of comprehensive asset protection solutions to the customers of these acquired businesses.

Summary risks

Before you invest in our stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading “Risk Factors.” We believe that the following are some of the major risks and uncertainties that may affect us:

- our business currently depends on certain significant customers and any reduction in business with these customers would harm our future operating results;
- an accident or incident involving our asset protection solutions could expose us to claims, harm our reputation and adversely affect our ability to compete for business;
- an ability to attract, develop and retain a sufficient number of trained engineers, scientists and other highly skilled workers as well as members of senior management;
- strengths and actions of our competitors;
- our current dependence on customers in the oil and gas industry;
- the timing, size and integration success of potential future acquisitions;
- catastrophic events, including natural disasters that could disrupt our business or the business of our customers, which could significantly harm our operations, financial results and cash flow; and
- the current economic downturn.

Corporate information

We were founded by former AT&T Bell Laboratories researchers in 1978 and operated as Physical Acoustics Corporation until December 29, 1994, when we reorganized and began operating as Mistras Holdings Corp., a Delaware corporation. In February 2007, we changed our name to Mistras Group, Inc. Since inception, we have increased our asset protection services, products and systems offerings through a combination of organic growth and the successful integration of acquired companies.

Our principal executive offices are located at 195 Clarksville Road, Princeton Junction, NJ 08550, and our telephone number at that address is (609) 716-4000. Our website is located at *www.mistrasgroup.com*. **Information on, or accessible through, our website is not a part of, and is not incorporated into, this prospectus.**

Our trademarks include Mistras™, Physical Acoustics Corporation®, PCMS®, Controlled Vibrations Inc.™, NOESIS™, AEwin™, AEwinPost™, UTwin™, UTIA™, LST™, Vibra-Metrics™, TANKPAC™, MONPAC™, VPAC™, POWERPAC™ and Sensor Highway™. Other trademarks or service marks appearing in this prospectus are the property of their respective holders.

The offering

Common stock offered by	
Us	shares of common stock
Selling stockholders	shares of common stock
Total	shares of common stock
Over-allotment option	
Us	shares of common stock
Selling stockholders	shares of common stock
Total	shares of common stock
Common stock to be outstanding after the offering	shares of common stock
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $. We plan to use these net proceeds for general corporate purposes, including working capital and possible acquisitions. In addition, we currently expect that we will use a portion of these net proceeds to repay all or a portion of the indebtedness outstanding under our $55.0 million secured revolving credit facility under our credit agreement with Bank of America, N.A., JPMorgan Chase Bank, N.A., TD Bank, N.A. and Capital One, N.A. As of August 31, 2009, we had borrowed a total of $40.8 million under our current credit agreement, and had $14.2 million of availability under the $55.0 million revolving credit facility. We will not receive any proceeds from the sale of shares by the selling stockholders. See “Use of Proceeds.”
Dividend policy	We currently have no plans to pay dividends on our common stock.
Risk factors	You should carefully read and consider the information set forth under “Risk Factors,” together with all of the other information set forth in this prospectus, before deciding to invest in shares of our common stock.
Listing	We have applied to list our common stock on the New York Stock Exchange under the symbol “MG”.

Except as otherwise indicated or the context otherwise requires, throughout this prospectus the number of shares of common stock shown to be outstanding after this offering and other share-related information is based on the number of shares outstanding as of , and:

- reflects a -for- stock split, effected on ;
- reflects the conversion of all outstanding shares of our preferred stock into an aggregate of shares of common stock upon the completion of this offering;
- assumes no exercise of the underwriters’ over-allotment option;
- excludes shares of common stock issuable upon the exercise of stock options outstanding as of , at a weighted average exercise price of $ per share; and
- excludes shares of common stock reserved for future awards under the 2009 Long-Term Incentive Plan.

The following table sets forth the number of shares of common stock to be sold by the directors and executive officers who are selling such shares in this offering. For more information on persons selling shares of common stock in this offering, please see "Principal and Selling Stockholders."

	Shares being sold in this offering Number
Directors and Executive Officers	
Sotirios J. Vahaviolos *Chairman, President, Chief Executive Officer and Director*	
Mark F. Carlos *Group Executive Vice President, Products and Systems*	
Phillip T. Cole *Group Executive Vice President, International*	
Michael J. Lange *Group Executive Vice President, Services, and Director*	

Our executive officers, directors and each person, or group of affiliated persons, known by us to beneficially own more than five percent of our voting securities, taken together as a group, will own approximately % of our outstanding common stock after this offering. For information on the number of shares of common stock to be received by these individuals or groups upon the conversion of our preferred stock at the completion of this offering, please see "Certain Relationships and Related Transactions—Conversion of All Preferred Stock upon Completion of this Offering."

Summary historical consolidated financial data

The following table sets forth our summary historical consolidated financial information and other data. The historical statement of operations and cash flow data for fiscal 2009, 2008 and 2007 and the historical balance sheet data as of May 31, 2009 are derived from, and should be read in conjunction with, our audited consolidated financial statements and related notes appearing elsewhere in this prospectus.

The information contained in this table should also be read in conjunction with "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes thereto, all included elsewhere in this prospectus.

(in thousands, except share and per share data)	Fiscal 2009	2008	2007
Statement of Operations Data:			
Revenues	$ 209,133	$ 152,268	$ 122,241
Cost of revenues	131,167	90,590	75,702
Depreciation	8,700	6,847	4,666
Gross profit	69,266	54,831	41,873
Selling, general and administrative expenses	47,150	32,943	26,408
Research and engineering expenses	1,255	954	703
Depreciation and amortization	3,936	4,576	4,025
Legal settlement	2,100	—	—
Income from operations	14,825	16,358	10,737
Other expenses:			
Interest expense	4,614	3,531	4,482
Loss on extinguishment of long-term debt	—	—	460
Income before provision for income taxes and minority interest	10,211	12,827	5,795
Provision for income taxes	4,558	5,380	208
Income before minority interest	5,653	7,447	5,587
Minority interest, net of taxes	(187)	(8)	(199)
Net income	5,466	7,439	5,388
Accretion of preferred stock	(27,114)	(32,872)	(3,520)
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868
Weighted average number of common shares outstanding:			
Basic	1,000,000	1,000,000	991,348
Diluted	1,000,000	1,000,000	1,007,803
(Loss) earnings per common share:			
Basic	$ (21.65)	$ (25.43)	$ 1.88
Diluted	(21.65)	(25.43)	1.85
Pro forma diluted earnings per common share(1)	3.50	4.81	3.56
Other Financial Data:			
Net cash provided by operating activities	$ 12,661	$ 12,851	$ 14,006
Net cash used in investing activities	(15,888)	(19,446)	(4,259)
Net cash provided by (used in) financing activities	4,912	6,320	(8,122)
EBITDA(2)	27,274	27,773	18,769
Adjusted EBITDA(2)	31,122	28,091	19,229

	As of May 31, 2009	
	Actual	As adjusted(3)
Balance Sheet Data:		
Cash and cash equivalents	$ 5,668	
Total assets	151,274	
Total long-term debt, including current portion(4)	66,251	
Obligations under capital leases, including current portion	14,525	
Convertible redeemable preferred stock	90,983	
Total stockholders' (deficit) equity	(47,912)	

(1) Pro forma diluted earnings per common share gives effect to the assumed conversion of our preferred stock for all periods presented. It is computed by dividing net income by the pro forma number of weighted average shares outstanding used in the calculation of diluted (loss) earnings per share, but after assuming conversion of our preferred stock and exercise of any dilutive stock options. The calculation for this, as well as our basic and diluted (loss) earnings per common share, follows:

			Fiscal
(in thousands, except share and per share data)	**2009**	**2008**	**2007**
Pro forma diluted earnings per common share:			
Numerator:			
Net income	$ 5,466	$ 7,439	$ 5,388
Denominator:			
Weighted average number of common shares outstanding	1,000,000	1,000,000	991,348
Common stock equivalents of outstanding stock options	42,755	26,520	16,455
Common stock equivalents of conversion of preferred shares	519,906	519,906	503,829
Total shares	1,562,661	1,546,426	1,511,632
Pro forma diluted earnings per common share	$ 3.50	$ 4.81	$ 3.56

(in thousands, except share and per share data)	2009	2008	Fiscal 2007
Basic (loss) earnings per common share:			
Numerator:			
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868
Denominator:			
Weighted average number of common shares outstanding	1,000,000	1,000,000	991,348
Basic (loss) earnings per common share	$ (21.65)	$ (25.43)	$ 1.88
Diluted (loss) earnings per common share:*			
Numerator			
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868
Denominator:			
Weighted average number of common shares outstanding	1,000,000	1,000,000	991,348
Common stock equivalents of outstanding stock options	—	—	16,455
Total shares	1,000,000	1,000,000	1,007,803
Diluted (loss) earnings per common share	$ (21.65)	$ (25.43)	$ 1.85
* Excludes certain stock options and preferred shares which would be anti-dilutive			

(2) EBITDA and adjusted EBITDA are performance measures used by management that are not calculated in accordance with U.S. generally accepted accounting principles (GAAP). EBITDA is defined in this prospectus as net income plus: interest expense, provision for income taxes and depreciation and amortization. Adjusted EBITDA is defined in this prospectus as net income plus: interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and certain one-time and generally non-recurring items (which items are described in the next paragraph and the reconciliation table below).

Our management uses EBITDA and adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis, as measures for planning and forecasting overall expectations and for evaluating actual results against such expectations and as performance evaluation metrics off which to base executive and employee incentive compensation programs.

We believe investors and other external users of our financial statements benefit from the presentation of EBITDA and adjusted EBITDA in evaluating our operating performance because they provide an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. For instance, EBITDA and adjusted EBITDA generally exclude interest expense, taxes and depreciation, amortization and non-cash stock compensation, each of which can vary substantially from company to company depending upon accounting methods and the book value and age of assets, capital structure, capital investment cycles and the method by which assets were acquired. Similarly, our adjusted EBITDA (and not our EBITDA) for fiscal 2009 excludes the impact of a one-time payment we made to settle a lawsuit and the writeoff of $1.6 million in accounts receivable we expected to collect from a customer that declared bankruptcy in fiscal 2009. These items were excluded because management believes these events were highly unique to us in fiscal 2009. Our adjusted EBITDA for fiscal 2009 and 2008 also excludes the impact of stock compensation expenses, because these expenses actually did not involve us paying or agreeing to pay any cash.

Although EBITDA and adjusted EBITDA are widely used by investors and securities analysts in their evaluations of companies, you should not consider them either in isolation or as a substitute for analyzing our results as reported under U.S. generally accepted accounting principles (GAAP). EBITDA and adjusted EBITDA are generally limited as analytical tools because they exclude, among other things, the statement of operations impact of depreciation and amortization, interest expense and the provision for income taxes and therefore do not necessarily represent an accurate measure of profitability, particularly in situations where a company is highly leveraged or has a disadvantageous tax structure. As a result, EBITDA and adjusted

EBITDA are of limited value in evaluating our operating performance because (i) we use a significant amount of capital assets and depreciation and amortization expense is a necessary element of our costs and ability to generate revenues; (ii) we have a significant amount of debt and interest expense is a necessary element of our costs and ability to generate revenues; and (iii) we generally incur significant U.S. federal, state and foreign income taxes each year and the provision for income taxes is a necessary element of our costs. EBITDA and adjusted EBITDA also do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments, changes in, or cash requirements for, our working capital needs and all non-cash income or expense items that are reflected in our statements of cash flows. Our adjusted EBITDA for fiscal 2009 excludes the impact of an actual cash expenditure for the settlement of a lawsuit and an amount we were unable to collect in fiscal 2009 due to the bankruptcy of a customer, and our adjusted EBITDA for fiscal 2009 and 2008 excludes the impact of stock compensation expenses that reduced our net income under GAAP. Furthermore, because EBITDA and adjusted EBITDA are not defined under GAAP, our definitions of EBITDA and adjusted EBITDA may differ from, and therefore may not be comparable to, similarly titled measures used by other companies, thereby limiting their usefulness as comparative measures. Because of these limitations, neither EBITDA nor adjusted EBITDA should be considered as the primary measure of our operating performance or as a measure of discretionary cash available to us to invest in the growth of our business. We strongly urge you to review the GAAP financial measures included in this prospectus, our consolidated financial statements, including the notes thereto, and the other financial information contained in this prospectus, and not to rely on any single financial measure to evaluate our business.

The following table provides a reconciliation of net income to EBITDA and adjusted EBITDA:

	Fiscal		
(in thousands)	**2009**	**2008**	**2007**
Net income	$ 5,466	$ 7,439	$ 5,388
Interest expense	4,614	3,531	4,482
Provision for income taxes	4,558	5,380	208
Depreciation and amortization	12,636	11,423	8,691
EBITDA	$ 27,274	$ 27,773	$ 18,769
Legal settlement	2,100	—	—
Large customer bankruptcy	1,556	—	—
Stock compensation expense	192	318	—
Loss on extinguishment of debt	—	—	460
Adjusted EBITDA	$ 31,122	$ 28,091	$ 19,229

(3) The As Adjusted column is unaudited and gives effect to:

- the conversion of all outstanding shares of our preferred stock into shares of our common stock upon the completion of this offering and a -for- stock split of our common stock; and
- the sale by us of shares of our common stock in this offering at the initial public offering price of $ per share (the midpoint of the range shown on the cover page of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(4) As of August 31, 2009, we had borrowed a total of $40.8 million under our current credit agreement, and had $14.2 million of availability under the $55.0 million revolving credit facility.

Risk factors

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks described below, together with the other information contained in this prospectus, including our financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before making an investment decision. If any of these risks actually occur, our business, financial condition, results of operations and future growth prospects may be adversely affected. As a result, the trading price of our common stock would likely decline, and you may lose all or part of your investment.

Risks related to our business

Our operating results could be adversely affected by a reduction in business with our significant customers.

We derive a significant amount of revenues from a few customers. For instance, various divisions or business units of one of our customers were responsible for 17.1%, 16.8% and 16.5% of our revenues for fiscal 2009, 2008 and 2007, respectively. Taken as a group, our top 10 customers were responsible for 35.8%, 35.2% and 38.6% of our revenues for fiscal 2009, 2008 and 2007, respectively. Generally, our customers do not have an obligation to make purchases from us and may stop ordering our products and services at any time without financial penalty. The loss of any of our significant customers, any substantial decline in sales to these customers or any significant change in the timing or volume of purchases by our customers could result in lower revenues and could harm our business, financial condition or results of operations.

An accident or incident involving our asset protection solutions could expose us to claims, harm our reputation and adversely affect our ability to compete for business and, as a result, harm our operating performance.

We are exposed to liabilities arising out of the solutions we provide. For instance, we furnish the results of our testing and inspections for use by our customers in their assessment of their assets, facilities, plants and other structures. Such results may be incorrect or incomplete, whether as a result of poorly designed inspections, malfunctioning testing equipment or our employees' failure to adequately test or properly record data. For example, one of our clients claimed one of our x-ray inspection crews had improperly recorded inspection data about a portion of its infrastructure, requiring us to provide a new team to inspect that infrastructure over a period of three months at our expense. Further, if an accident or incident involving a structure we are testing or have tested occurs and causes personal injuries to our personnel or third parties, or property damage, such as the collapse of a bridge or an explosion in a plant or facility, and particularly if these injuries or damages could have been prevented by our customers had we provided them with correct or complete results, we may face significant claims by injured persons or related parties and claims relating to any property damage or loss. Even if our results are correct and complete, we may face claims for such injuries or damage simply because we tested the structure or facility in question. For instance, we recently inspected a subset of welds made in a liquid storage tank farm under construction for a customer in order to determine if the welds were being made in accordance with applicable regulations. The welds we tested were specified by the contractor that made them. Weeks after our inspections were completed a weld in a tank cracked, resulting in the spill of hazardous material. The

customer made a claim on its insurer, which in turn made claims against us, among others, for the clean-up costs, which in this case are not significant. Though we believe we did not test the weld that failed, if we are unable to prove this fact we may decide to or be compelled by a court to pay some of the clean-up costs. Our insurance coverage may not be adequate to cover the damages from any such claims, forcing us to bear these uninsured damages directly, which could harm our operating results and may result in additional expenses and possible loss of revenues. An accident or incident for which we are found partially or fully responsible, even if fully insured, may also result in negative publicity, which would harm our reputation among our customers and the public, cause us to lose existing and future contracts or make it more difficult for us to compete effectively, thereby significantly harming our operating performance. Such an accident or incident might also make it more expensive or impossible for us to insure against similar events in the future. Even unsuccessful claims relating to accidents could result in substantial costs, including litigation expenses, and diversion of our management resources.

If we are unable to attract and retain a sufficient number of trained engineers, scientists and other highly-skilled technicians at competitive wages, our operational performance may be harmed and our costs may increase.

We believe that our success depends, in part, upon our ability to attract, develop and retain a sufficient number of trained engineers, scientists and other highly-skilled, certified technicians at competitive wages. The demand for such employees is currently high, and we project that it may increase substantially in the future. Accordingly, we have experienced increases in our labor costs, particularly in our Services segment, but also, to a lesser extent, in our International segment. Many of the companies with which we compete for experienced personnel have comparatively greater name recognition and resources. In addition, in making employment decisions, job candidates often consider the value of the stock options they are to receive in connection with their employment. Volatility in the future market price of our stock may, therefore, adversely affect our ability to attract or retain key employees. Furthermore, the requirement to expense stock options may discourage us from granting the size or type of stock option awards that job candidates require to join our company. The markets for our products and services also require us to field personnel trained and certified in accordance with standards set by domestic or international standard-setting bodies, such as the American Society of Non-Destructive Testing. Because of the limited supply of these certified technicians, we expend substantial resources maintaining in-house training and certification programs. If we fail to attract sufficient new personnel or fail to motivate and retain our current personnel, our ability to perform under existing contracts and orders or to pursue new business may be harmed, causing us to lose customers and revenues, and the costs of performing such contracts and orders may increase, which would likely reduce our margins.

If we lose members of our senior management team upon whom we are dependent, we may not be able to manage our operations and achieve our strategic objectives.

Our future success depends to a considerable degree upon the availability, contributions, vision, skills, experience and effort of our senior management team. We do not maintain “key person” insurance on any of our employees other than Dr. Sotirios J. Vahaviolos, our Chairman, President and Chief Executive Officer. We currently have no employment agreements with members of our senior management team other than Dr. Vahaviolos. Although we may enter into employment agreements with certain executive officers after this offering, these agreements will likely not guarantee the services of the individual for a specified period of time. All of the agreements with members of our senior management team other than Dr. Vahaviolos are expected to

provide that their employment is at-will and may be terminated by either us or the employee at any time and without notice. Although we do not have any reason to believe that we may lose the services of any of these persons in the foreseeable future, the loss of the services of any of these persons might impede our operations or the achievement of our strategic and financial objectives. The loss or interruption of the service of members of our senior management team could harm our business, financial condition and results of operations and could significantly reduce our ability to manage our operations and implement our strategy.

We operate in highly competitive markets and if we are unable to compete successfully, we could lose market share and revenues.

We face strong competition from NDT and a variety of niche asset protection providers, both larger and smaller than we are. Many of our competitors have greater financial resources than we do and could focus their substantial financial resources to develop a competing business model or develop products or services that are more attractive to potential customers than what we offer. Some of our competitors are business units of companies substantially larger than us and have the ability to combine asset protection solutions into an integrated offering to customers who already purchase other types of products or services from them. Our competitors may offer asset protection solutions at prices below or without cost in order to improve their competitive positions. Any of these competitive factors could make it more difficult for us to attract and retain customers, cause us to lower our prices in order to compete and reduce our market share and revenues, any of which could have a material adverse effect on our financial condition and results of operations.

Due to our dependency on customers in the oil and gas industry, we are susceptible to prolonged negative trends relating to this industry that could adversely affect our operating results.

Our customers in the oil and gas industry (including the petrochemical market) have accounted for a substantial portion of our historical revenues. Specifically, they accounted for approximately 58%, 50% and 52% of our revenues for fiscal 2009, 2008 and 2007, respectively. We continue to diversify our customer base into industries other than the oil and gas industry, but we may not be successful in doing so. If the oil and gas industry were to suffer a prolonged or significant downturn, our operating performance may be significantly harmed.

Our growth strategy includes acquisitions. We may not be able to identify suitable acquisition candidates or integrate acquired businesses successfully, which may inhibit our rate of growth, and any acquisitions that we do complete may expose us to a number of unanticipated operational and financial risks.

Our historical growth has depended, and our future growth is likely to continue to depend, to a certain extent, on our ability to make acquisitions and successfully integrate acquired businesses. We intend to continue to seek additional acquisition opportunities, both to expand into new markets and to enhance our position in existing markets globally. We may not be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, obtain necessary financing on acceptable terms, complete proposed acquisitions, successfully integrate acquired businesses into our current operations or expand into new markets. Once integrated,

acquired operations may not achieve levels of revenues, profitability or productivity comparable with those achieved by our current operations, or otherwise perform as expected.

Some of the risks associated with our acquisition strategy include:

- unexpected loss of key personnel and customers of the acquired company;
- making the acquired company's financial and accounting standards consistent with our standards;
- assumption of liability for risks and exposures (including environmental-related costs), some of which we may not discover during our due diligence; and
- potential disruption of our ongoing business and distraction of management.

Our ability to undertake acquisitions is limited by covenants in our credit agreement and our financial resources, including available cash and borrowing capacity. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of substantial additional indebtedness and other expenses, impairment expenses related to goodwill and impairment or amortization expenses related to other intangible assets, any of which could harm our financial condition and results of operations. Although management intends to evaluate the risks inherent in any particular transaction, there are no assurances that we will properly ascertain all such risks. Difficulties encountered with acquisitions may harm our business, financial condition and results of operations.

Catastrophic events, such as natural disasters, epidemics, war and acts of terrorism, could disrupt our business or the business of our customers, which could significantly harm our operations, financial results and cash flow.

Our operations and those of our customers are susceptible to the occurrence of catastrophic events outside our control, ranging from severe weather conditions to acts of war and terrorism. Any such events could cause a serious business disruption that reduces our customers' ability to or interest in purchasing our asset protection solutions, and have in the past resulted in order cancellations and delays because customer equipment, facilities or operations have been damaged, or are not operational or available. For instance, order cancellations and delays due to Hurricane Ike adversely affected our revenues in fiscal 2009. Additionally, such events have resulted and may in the future result in substantial delays in the provision of solutions to our customers and the loss of valuable equipment. Any cancellations, delays or losses due to a catastrophic event may significantly reduce our revenues and harm our operating performance.

We face risks related to the current economic downturn.

The global economy is currently in a pronounced economic downturn. Global financial markets are continuing to experience disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, volatility in interest and currency exchange rates and overall uncertainty about economic stability. There may be further deterioration and volatility in the global economy, the global financial markets and consumer confidence. We are unable to predict the likely duration and severity of the current global economic downturn or disruptions in the financial markets. The downturn has already resulted in some of our customers canceling and delaying orders for our solutions, as well as some customers delaying payment for items billed, which reduced our

gross margins and operating income in fiscal 2009. Some of our customers have also recently requested price concessions. In addition, current economic conditions have resulted in the reduced creditworthiness, inability to obtain sufficient financing, and bankruptcies of certain customers, increasing our exposure to bad debt. For instance, in fiscal 2009, one of our larger customers filed for bankruptcy due to a downturn in the chemical industry combined with its own highly leveraged position. If economic conditions deteriorate further, our business, financial condition and results of operations could be significantly harmed. Although we believe we have adequate liquidity and capital resources to fund our operations as planned, in light of current market conditions, our inability to access the capital markets on favorable terms, or at all, may harm our financial performance. The inability to obtain adequate financing from debt or capital sources could force us to self-fund strategic initiatives or even forgo certain opportunities, which in turn could potentially harm our performance.

We expect to continue expanding and investing in our sales and marketing, operations, engineering, research and development capabilities and financial and reporting systems and, as a result, may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations. To effectively manage our anticipated future growth, we must continue to implement and improve our managerial, operational, financial and reporting systems, expand our facilities and continue to recruit and train additional qualified personnel. We expect that all of these measures will require significant expenditures and will demand the attention of management. We may not be able to effectively manage the expansion of our operations or recruit and adequately train additional qualified personnel. Failure to manage our growth effectively could lead us to over or under-invest in technology and operations, result in weaknesses in our infrastructure, systems or controls, give rise to operational mistakes, loss of business opportunities, the loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of new solutions. If our management is unable to effectively manage our expected growth, our expenses may increase more than expected, our revenues could decline or may grow more slowly than expected and we may be unable to implement our business strategy.

The success of our businesses depends, in part, on our ability to develop new asset protection solutions and increase the functionality of our current offerings.

The market for asset protection solutions is impacted by technological change, uncertain product lifecycles, shifts in customer demands and evolving industry standards and regulations. We may not be able to successfully develop and market new asset protection solutions that comply with present or emerging industry regulations and technology standards. Also, new regulations or technology standards could increase our cost of doing business.

From time to time, our customers have requested greater functionality in our solutions. As part of our strategy to enhance our asset protection solutions and grow our business, we plan to continue making substantial investments in the research and development of new technologies. We believe our future success will depend, in part, on our ability to continue to design new, competitive asset protection solutions, enhance our current solutions and provide new, value-added services. Developing new solutions will require continued investment, and we may experience unforeseen technological or operational challenges. In addition, our asset protection

software is complex and can be expensive to develop, and new software and software enhancements can require long development and testing periods. If we are unable to develop new asset protection solutions or enhancements to our current offerings, or if the market does not accept such solutions, we will likely lose opportunities to realize revenues and customers and our business and results of operations will be adversely affected.

If our software produces inaccurate information or is incompatible with the systems used by our customers and makes us unable to successfully provide our solutions, it could lead to a loss of revenues and customers.

Our software is complex and, accordingly, may contain undetected errors or failures. Software defects or inaccurate data may cause incorrect recording, reporting or display of information related to our asset protection solutions. Any such failures, defects and inaccurate data may prevent us from successfully providing our asset protection solutions, which would result in lost revenues. Software defects or inaccurate data may lead to customer dissatisfaction and our customers may seek to hold us liable for any damages incurred. As a result, we could lose customers, our reputation may be harmed and our financial condition and results of operations would be materially adversely affected.

We currently serve a commercial, industrial and governmental customer base that uses a wide variety of constantly changing hardware, software solutions and operating systems. Our asset protection solutions need to interface with these non-standard systems in order to gather and assess data. Our business depends on the following factors, among others:

- our ability to integrate our technology with new and existing hardware and software systems;
- our ability to anticipate and support new standards, especially Internet-based standards; and
- our ability to integrate additional software modules under development with our existing technology and operational processes.

If we are unable to adequately address any of these factors, our results of operations and prospects for growth and profitability would be harmed.

If we fail to successfully educate current and potential customers regarding the benefits of our asset protection solutions or the market for these solutions otherwise fails to develop, our ability to grow our business could be adversely impacted.

Our future success depends on continued and growing commercial acceptance of our asset protection solutions and our ability to obtain additional contracts. We anticipate that revenues related to our asset protection solutions will constitute a substantial portion of our revenues for the foreseeable future. If we are unable to educate our potential customers about the advantages our solutions have over competing products and services, or our current customers stop purchasing our asset protection solutions, our operating results could be significantly harmed. In addition, because the asset protection solutions industry is rapidly evolving, we could lose insight into trends that may be emerging, which would further harm our competitive position by making it difficult to predict and respond to customer needs. If the market for our asset protection solutions does not continue to develop, our ability to grow our business would be limited and we might not be able to maintain profitability.

Our results of operations could be harmed if our operating expenses do not correspond with the timing of our revenues.

Most of our operating expenses, such as employee compensation and property rental expense, are relatively fixed over the short-term. Moreover, our spending levels are based in part on our expectations regarding future revenues. As a result, if revenues for a particular quarter are below expectations, we would not be able to proportionately reduce operating expenses for that quarter without a substantial disruption to our business. This shortfall in revenues could adversely affect our operating results for that quarter and could cause the market price of our common stock to decline substantially.

The seasonal nature of our business reduces our revenues in our first and third fiscal quarters.

Our business is seasonal. Our first and third fiscal quarter revenues are typically lower than our revenues in the second and fourth fiscal quarters because demand for our asset protection solutions from the oil and gas as well as the fossil and nuclear power industries increases during their non-peak production periods. For instance, U.S. refineries' non-peak periods are generally in our second fiscal quarter, when they are retooling to produce more heating oil for winter, and in our fourth fiscal quarter, when they are retooling to produce more gasoline for summer. As a result of these trends, we generally have reduced cash flows in our second and fourth fiscal quarters, which may require us to borrow under our credit agreement or otherwise, to discontinue planned operations, or to curtail our operations. We expect that the negative impact of seasonality on our first and third fiscal quarter revenues and second and fourth fiscal quarter cash flows will continue.

Growth in revenues from our Services segment or traditional NDT services relative to revenues from our Products and Systems and International segments, may reduce our overall gross profit margin.

Our gross profit margin on revenues from our Services segment has historically been lower than our gross profit margin on revenues from our other segments because our services have higher labor-related costs. For instance, the gross profit margin in our Services segment for fiscal 2009 was 28.9%, while our gross profit margin in our Products and Systems segment and in our International segment was 49.0% and 43.2%, respectively. Our overall gross profit margin was 33.1% during the same period. Moreover, our gross profit margin on traditional NDT services has historically been lower than our gross profit margin in our Services segment as a whole. As a result, we expect our overall gross profit margin will be lower in periods when revenues from our services, and particularly from traditional NDT services, has increased as a percentage of total revenues and will be higher in periods when revenues from our International or Products and Systems segments has increased as a percentage of total revenues. Fluctuations in our gross profit margin may affect our level of profitability in any period, which may negatively affect the price of our common stock.

We have identified two significant deficiencies in our internal controls over financial reporting.

In connection with the audit of our financial results for fiscal 2009, we and our independent registered accounting firm reported to our audit committee two significant deficiencies concerning the substantial number of our internal control processes that are still being formalized or are manual in nature and the design of certain controls related to the financial statement closing process. These processes, at times, require significant effort to execute and, therefore,

generally may not provide a sustainable platform for an effective and efficient financial statement closing process. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting. If we are unable to remedy these significant deficiencies, or if we discover other significant deficiencies in the future, then we may not be able to provide reasonable assurance regarding the reliability of our financial statements, which could have an adverse effect on our business or operating results.

Our business is currently subject to governmental regulation, and may become subject to modified or new government regulation that may negatively impact our ability to market our asset protection solutions.

We incur substantial costs in complying with various government regulations and licensing requirements. For example, the transportation and overnight storage of radioactive materials used in providing certain of our asset protection solutions is subject to regulation under federal and state laws and licensing requirements. Our Services segment is currently licensed to handle radioactive materials by the U.S. Nuclear Regulatory Commission (NRC) and 18 state regulatory agencies. If we allegedly fail to comply with these regulations, we may be investigated and incur significant legal expenses associated with such investigations, and if we are found to have violated these regulations, we may be fined or lose one or more of our licenses to perform further projects. While we are investigated, we may be required to suspend work on the projects associated with our alleged noncompliance, resulting in loss of profits or customers, and damage to our reputation. For instance, in January, 2007, we were investigated due to an incident involving radiation exposure resulting from the misconduct of one of our employees. As a result, our customer required us to briefly suspend work on the associated project. We were found to have violated regulations governing the handling of radioactive materials, and as a result we incurred significant legal expenses. A more serious violation could result in lost profits and damage to our reputation. Many of our customers have strict requirements concerning safety or loss time occurrences. In the future, federal, state, provincial or local governmental agencies may seek to change current regulations or impose additional regulations on our business. Any modified or new government regulation applicable to our current or future asset protection solutions may negatively impact the marketing and provision of those solutions and increase our costs and the price of our solutions.

A significant stockholder controls the direction of our business. The concentrated ownership of our common stock may prevent you and other stockholders from influencing significant corporate decisions.

Dr. Sotirios J. Vahaviolos, our Chairman, President and Chief Executive Officer, will own approximately % of our outstanding common stock after this offering. As a result, Dr. Vahaviolos will have the ability to exert substantial influence over all matters requiring approval by our stockholders, including the election and removal of directors, amendments to our certificate of incorporation, and any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. This concentration of ownership could be disadvantageous to other stockholders with differing interests from Dr. Vahaviolos.

An inability to protect our intellectual property could negatively affect our business and results of operations.

Our ability to compete effectively depends in part upon the maintenance and protection of the intellectual property related to our asset protection solutions. Patent protection is unavailable for certain aspects of the technology and operational processes important to our business. Any patent held by us or to be issued to us, or any of our pending patent applications, could be unenforceable, challenged, invalidated or circumvented. Some of our trademarks that are not in use may become available to others. To date, we have relied principally on copyright, trademark and trade secrecy laws, as well as confidentiality agreements and licensing arrangements, to establish and protect our intellectual property. However, we have not obtained confidentiality agreements from all of our customers and vendors, and although we have entered into confidentiality agreements with all of our employees in our Products and Systems segment and certain of our other employees involved in the development of our intellectual property, we cannot be certain that these agreements will be honored or enforceable. Some of our confidentiality agreements are not in writing, and some customers are subject to laws and regulations that require them to disclose information that we would otherwise seek to keep confidential. Although we do not transfer ownership of some of our more advanced asset protection products and systems and, instead, sell to our customers services using these products and systems, in part, in an effort to protect the intellectual property upon which they are based, this strategy may not be successful and our customers or third parties may reverse engineer or otherwise derive this intellectual property and use it without our authorization. Policing unauthorized use of our intellectual property is difficult and expensive. The steps that we have taken or may take might not prevent misappropriation of the intellectual property on which we rely. In addition, effective protection may be unavailable or limited in jurisdictions outside the United States, as the intellectual property laws of foreign countries sometimes offer less protection or have onerous filing requirements. From time to time, third parties may infringe our intellectual property rights. Litigation may be necessary to enforce or protect our rights or to determine the validity and scope of the rights of others. Any litigation could be unsuccessful, cause us to incur substantial costs, divert resources away from our daily operations and result in the impairment of our intellectual property. Failure to adequately enforce our rights could cause us to lose valuable rights in our intellectual property and may negatively affect our business.

We may be subject to damaging and disruptive intellectual property litigation related to allegations that our asset protection solutions infringe on the intellectual property of others, which could prevent us from offering those solutions.

Third-party patent applications and patents may be applicable to our asset protection solutions. As a result, third parties may in the future make infringement and other allegations that could subject us to intellectual property litigation relating to our solutions. Such litigation would be time consuming and expensive, divert attention and resources away from our daily operations, impede or prevent delivery of our solutions and require us to pay significant royalties, licensing fees and damages. In addition, parties making infringement and other claims may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our solutions and could cause us to pay substantial damages. In the event of a successful claim of infringement, we may need to seek one or more licenses from third parties in order to continue to offer the related solution, which may not be available at a reasonable cost, or at all. For example, in 2004 a competitor brought a patent infringement lawsuit against us based on our use of certain sensor technology in our inspection of a bridge. We incurred approximately $0.6

million in expenses to defend against and settle this lawsuit, and to enter into a license to use this technology. Under this license agreement, we have paid the competitor immaterial amounts for fees and royalties for use of the technology, which we no longer use in our business.

We may require additional capital to support business growth, which might not be available.

We intend to continue making investments to support our business growth and may require additional funds to respond to business challenges or opportunities, including the need to develop new, or enhance our current, asset protection solutions, enhance our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our current stockholders, including investors in this offering, could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

Our credit agreement contains financial and operating restrictions that may limit our access to credit. If we fail to comply with financial or other covenants in our credit agreement, we may be required to repay indebtedness to our existing lenders, which may harm our liquidity.

Provisions in our credit agreement with Bank of America, N.A., JPMorgan Chase Bank, N.A., TD Bank, N.A. and Capital One, N.A. impose restrictions on our ability to, among other things:

- create liens;
- make investments;
- incur more debt;
- merge or consolidate;
- make dispositions of property;
- pay dividends and make distributions;
- enter into a new line of business;
- enter into transactions with affiliates; and
- enter into burdensome agreements.

Our credit agreement also contains financial covenants that require us to maintain compliance with specified financial ratios. As of May 31, 2009 we were not in compliance with certain covenants in our former credit agreement limiting our incurrence of certain indebtedness and requiring us to maintain a certain debt service coverage ratio, and we may not be able to comply with such covenants in the future. Although this prior noncompliance with these covenants was waived by our lenders, our failure to comply with these covenants in the future may result in the declaration of an event of default, which could prevent us from borrowing under our credit agreement. In addition to preventing additional borrowings under our credit agreement, an event of default, if not cured or waived, may result in the acceleration of the maturity of indebtedness outstanding under the agreement, which would require us to pay all

amounts outstanding and, in addition, our lenders may require us to cash collateralize letters of credit issued thereunder. If an event of default occurs, we may not be able to cure it within any applicable cure period, if at all. If the maturity of our indebtedness is accelerated, we then may not have sufficient funds available for repayment or the ability to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us, or at all.

We may become subject to commercial disputes or product liability claims, that could harm our business by distracting our management from the operation of our business, by increasing our expenses and, if we do not prevail, by subjecting us to potential monetary damages and other remedies.

We face potential liability for, among other things, contract, negligence and product liability claims related to our provision of asset protection solutions. For instance, our customers may assert that we have failed to perform under our agreements with them, or our customers or third parties may claim damages arising out of misuse of our products, the malfunctioning of our products due to design or manufacturing flaws, or the use of our products with components or systems not manufactured or sold by us. We currently do not carry product liability insurance and we may not have sufficient resources to satisfy any liability resulting from product liability or other claims. Any of these claims or disputes could result in monetary damages and equitable or other remedies that could harm our financial position or operations. Even if we prevail in or settle these claims or disputes, they may distract our management from operating our business and the cost of defending or settling them could harm our operating results, financial position and cash flows.

We rely on a limited number of suppliers to provide us radioisotopes and a material interruption in supply could prevent or limit our ability to fill orders for our products.

We depend upon a limited number of third-party suppliers for the radioisotopes we use to provide certain advanced asset protection solutions. Our principal suppliers are Industrial Nuclear Company, QSA Global Inc. and Source Production & Equipment Co., Inc. We also utilize other commercial isotope manufacturers located in the United States and overseas. To date, we have been able to obtain the required radioisotopes for our asset protection solutions without any significant delays or interruptions. If we lose any of these suppliers, we may be required to find and enter into supply arrangements with one or more replacement suppliers. Obtaining alternative sources of supply could involve significant delays and other costs and these supply sources may not be available to us on reasonable terms or at all. Any disruption of supplies could delay delivery of our products that use radioisotopes, which could adversely affect our business and financial results and result in lost or deferred sales.

Our sales cycles can be lengthy, unpredictable and require significant employee time and financial resources with no assurances that we will realize revenues.

Our sales cycles are often long and unpredictable. Many of our current and potential customers have extended budgeting and procurement processes. We believe that they also tend to be risk averse and follow industry trends rather than be the first to purchase new products or services, which can extend the lead time for or prevent acceptance of new products or services. Accordingly, they may take longer to reach a decision to purchase our solutions. This extended sales process, which often lasts between three and six months, requires the dedication of significant time and financial resources, with no certainty of success or recovery of our related

expenses. It is not unusual for our current and potential customers to go through the entire sales process and not make any purchases.

Any real or perceived internal or external electronic security breaches in connection with the use of our asset protection solutions could harm our reputation, inhibit market acceptance of our solutions and cause us to lose customers.

We and our customers use our asset protection solutions to compile and analyze sensitive or confidential customer-related information. In addition, some of our asset protection solutions allow us to remotely control equipment at commercial, institutional and industrial locations. Our asset protection solutions rely on the secure electronic transmission of proprietary data over the Internet or other networks. Well-publicized compromises of Internet security could have the effect of substantially reducing confidence in the Internet as a medium of data transmission. The occurrence or perception of security breaches in connection with our asset protection solutions or our customers' concerns about Internet security or the security of our solutions, whether warranted or not, would likely harm our reputation or business, inhibit market acceptance of our asset protection solutions and cause us to lose customers, any of which would harm our financial condition and results of operations.

We may come into contact with sensitive consumer information or data when we perform installation, maintenance or testing functions for our customers. Even the perception that we have improperly handled sensitive, confidential information would have a negative effect on our business. If, in handling this information, we fail to comply with privacy or security laws, we could incur civil liability to government agencies, customers and individuals whose privacy is compromised. In addition, third parties may attempt to breach our security or inappropriately harm our asset protection solutions through computer viruses, electronic break-ins and other disruptions. If a breach is successful, confidential information may be improperly obtained, for which we may be subject to lawsuits and other liabilities.

Our international operations are subject to risks relating to non-U.S. operations.

In fiscal 2009, 2008 and 2007, we generated approximately 22%, 22% and 25% respectively, of our revenues outside the United States and we expect to increase our international presence over time. Our primary operations outside the United States are in Europe, Asia, Canada and South America. There are numerous risks inherent in doing business in international markets, including:

- fluctuations in interest rates and currency exchange rates, including the relatively weak position of the U.S. dollar;
- varying regional and geopolitical business conditions and demands;
- compliance with applicable foreign regulations and licensing requirements, and U.S. regulation with respect to our business in other countries;
- the cost and uncertainty of obtaining data and creating solutions that are relevant to particular geographic markets;
- the need to provide sufficient levels of technical support in different locations;
- the complexity of maintaining effective policies and procedures in locations around the world;

- the risks of divergent business expectations or difficulties in establishing joint ventures with foreign partners;
- political instability and civil unrest;
- restrictions or limitations on outsourcing contracts or services abroad;
- restrictions or limitations on the repatriation of funds; and
- potentially adverse tax consequences.

We are expanding our sales and marketing efforts in certain emerging markets, such as Brazil, Russia, India and China. Expanding our business into emerging markets may present additional risks beyond those associated with more developed international markets. For example, in China and Russia, we may encounter risks associated with the ongoing transition from state business ownership to privatization. In any emerging market, we may face the risks of working in cash-based economies, dealing with inconsistent government policies and encountering sudden currency revaluations.

We rely on certification of our NDT solutions by industry standards-setting bodies.

We currently have International Organization for Standardization (ISO) 9001-2000 certifications for each of Mistras Services, Physical Acoustics Corporation (PAC), Physical Acoustics Limited, and Envirocoustics S.A. and we have ISO 14001:2004 certification for Mistras Services and Physical Acoustics South America. Physical Acoustics South America also has a OHSAS 18001 certification. In addition, we currently have Nadcap (formerly National Aerospace and Defense Contractors Accreditation Program) certification for four of our locations in Auburn, Massachusetts; Springfield, Massachusetts; Heath, Ohio; and Kent, Washington. We continually review our NDT solutions for compliance with the requirements of industry specification standards and the Nadcap special processes quality requirements. However, if we fail to maintain our ISO or Nadcap certifications, our business may be harmed because our customers generally require that we have ISO and Nadcap certification before they purchase our NDT solutions.

Risks related to our common stock and this offering

We expect our quarterly revenues and operating results to fluctuate. If we fail to meet the expectations of market analysts or investors, the market price of our common stock could decline substantially.

Our quarterly operating results have fluctuated in the past and are expected to do so in the future. Accordingly, we believe that period-to-period comparisons of our results of operations may be misleading. You should not rely upon the results of one quarter as an indication of future performance. Our revenues and operating results may fall below the expectations of securities analysts or investors in any future period. Our failure to meet these expectations would likely cause the market price of our common stock to decline, perhaps substantially.

Our quarterly revenues and operating results may vary depending on a number of factors, including:

- revenue volume during the period;
- demand for and acceptance of our asset protection solutions;

- delays in the implementation and delivery of our asset protection solutions, which may impact the timing of our recognition of revenues;
- delays or reductions in spending for asset protection solutions by our customers and potential customers;
- the long lead time associated with securing new customer contracts;
- the termination of existing customer contracts;
- development of new relationships and maintenance and enhancement of existing relationships with customers and strategic partners;
- changes in pricing for asset protection solutions;
- effects of recent acquisitions;
- fluctuations in currency exchange rates;
- changes in the price or availability of materials used in our services; and
- increased expenditures for sales and marketing, software development and other corporate activities.

We currently have no plans to pay dividends on our common stock.

We have not declared or paid any cash dividends on our common stock to date, and we do not anticipate declaring or paying any dividends on our common stock in the foreseeable future. We currently intend to retain all available funds and any future earnings for use in the development, operation and growth of our business. In addition, our credit agreement prohibits us from paying dividends and future loan agreements may also prohibit the payment of dividends. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements, business opportunities, contractual restrictions and other factors deemed relevant. To the extent we do not pay dividends on our common stock, investors must look solely to stock appreciation for a return on their investment.

There is no existing market for our common stock, and a trading market that will provide you with adequate liquidity may not develop. The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for our common stock. We cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market in our common stock on the New York Stock Exchange or otherwise. If an active and liquid trading market does not develop, you may have difficulty selling any of our common stock.

The initial public offering price for the shares will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the market price of the common stock on the New York Stock Exchange after the offering. The market price of our common stock may decline below the initial public offering price. The market price of our

common stock may also be influenced by many factors, some of which are beyond our control, including:

- our quarterly or annual earnings or those of other companies in our industry;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic and stock market conditions;
- the failure of securities analysts to cover our common stock after this offering or changes in financial estimates by analysts;
- future sales of our common stock; and
- the other factors described in this Risk Factors section.

The stock markets have generally experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including those in our industry. These changes frequently appear to occur without regard to the operating performance of these companies. The price of our common stock could fluctuate for reasons that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price.

In the past, some companies that have had volatile market prices for their securities have been subject to class action or derivative lawsuits. The filing of a lawsuit against us, regardless of the outcome, could have a material adverse effect on our business, financial condition and results of operations, as it could result in substantial legal costs and a diversion of our management's attention and resources.

Shares eligible for future sale may cause the market price for our common stock to decline even if our business is doing well.

Future sales by us or by our existing stockholders of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. This could also impair our ability to raise additional capital in the future through the sale of our equity securities. Under our second amended and restated certificate of incorporation that will be in effect upon the completion of this offering, we are authorized to issue up to shares of common stock, of which shares of common stock will be outstanding following this offering. Of these shares, the shares of common stock sold in this offering will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended (Securities Act), by persons other than "affiliates," as that term is defined in Rule 144 under the Securities Act. In addition, shares of common stock will become freely tradeable immediately upon the termination of the lock-up agreements described below and an additional shares of common stock will become freely tradeable thereafter, assuming no exercise of any outstanding warrants or options as of . Certain of our stockholders will be able to cause us to register common stock that they own under the Securities Act pursuant to registration rights that are described in "Certain Relationships and Related Transactions—Registration Rights." We also intend to register all shares of common stock that we may issue under our 2009 Long-Term Incentive Plan.

Our executive officers and directors and certain of our stockholders have entered into lock-up agreements described under the caption "Underwriting," pursuant to which they have agreed, subject to certain exceptions and extensions, not to sell or transfer, directly or indirectly, any shares of our common stock for a period of 180 days from the date of this prospectus or to exercise registration rights during such period with respect to such shares. However, after the lock-up period expires, or if the lock-up restrictions are waived by the representatives, such persons will be able to sell their shares and exercise registration rights to cause them to be registered. We cannot predict the size of future issuances of our common stock or the effect, if any, that future sales and issuances of shares of our common stock, or the perception of such sales or issuances, would have on the market price of our common stock.

We have not determined any specific use for a significant portion of the proceeds from this offering and we may use the proceeds in ways with which you may not agree.

Our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that may not improve our financial condition and results of operations or increase our stock price.

Purchasers of common stock will experience immediate and substantial dilution.

Based on the initial public offering price of $ per share (the midpoint of the price range shown on the cover page of this prospectus), purchasers of our common stock in this offering will experience an immediate and substantial dilution in the net tangible book value per share of common stock of $ per share from the offering price. Investors purchasing common stock in this offering will contribute approximately % of the total amount invested by stockholders since inception, but will only own approximately % of the shares of common stock outstanding. In addition, following this offering we will also have a significant number of outstanding warrants and options to purchase our common stock, with the options having exercise prices significantly below the initial public offering price of our common stock. You will incur further dilution if outstanding options or warrants to purchase common stock are exercised. In addition, our second amended and restated certificate of incorporation that will be in effect upon the completion of this offering allows us to issue significant numbers of additional shares, including shares that may be issued under our 2009 Long-Term Incentive Plan, which could result in further dilution to purchasers of our common stock in this offering.

Provisions of our charter, bylaws and of Delaware law, as well as some of our employment arrangements, could discourage, delay or prevent a change of control of our company, which may adversely affect the market price of our common stock.

Certain provisions of our second amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the completion of this offering could discourage, delay or prevent a merger, acquisition, or other change of control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. Stockholders who wish to participate in these transactions may not have the

opportunity to do so. Furthermore, these provisions could prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions:

- allow the authorized number of directors to be changed only by resolution of our board of directors;
- require that vacancies on the board of directors, including newly created directorships, be filled only by a majority vote of directors then in office;
- authorize our board of directors to issue, without stockholder approval, preferred stock that, if issued, could operate as a "poison pill" to dilute the stock ownership of a potential hostile acquiror to prevent an acquisition that is not approved by our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting by prohibiting stockholder action by written consent;
- prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a plurality of stock to elect some directors; and
- establish advance notice requirements for stockholder nominations to our board of directors or for stockholder proposals that can be acted on at stockholder meetings and limit the right to call special meetings of stockholders to the Chairman of the Board, the Chief Executive Officer, the board of directors acting pursuant to a resolution adopted by a majority of directors or the Secretary upon the written request of stockholders entitled to cast not less than 35% of all the votes entitled to be cast at such meeting.

Some of our employment arrangements and stock option agreements provide for severance payments and accelerated vesting of benefits, including accelerated vesting of restricted stock and options, upon a change of control. This offering will not constitute a change of control under such agreements. These provisions may discourage or prevent a change of control.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may, unless certain criteria are met, prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a prescribed period of time.

Being a public company will increase our administrative workload and expenses.

As a public company with common stock listed on the New York Stock Exchange, we will need to comply with new laws, regulations and requirements, including certain provisions of the Sarbanes-Oxley Act of 2002, related regulations of the Securities and Exchange Commission (SEC) and the requirements of the New York Stock Exchange, which we are not required to comply with as a private company. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our board of directors and management. The hiring of additional personnel to handle these responsibilities will increase our operating costs. We expect we will need to:

- institute a more comprehensive compliance function;
- design, establish, evaluate and maintain a system of internal control over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;

- prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;
- establish new internal policies, such as those relating to disclosure controls and procedures and insider trading;
- involve and retain to a greater degree outside counsel and accountants in the above activities; and
- establish and maintain an investor relations function, including the provision of certain information on our website.

In addition, we expect that being a public company subject to these rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our board of directors, particularly to serve on our audit and compensation committees.

Our internal controls over financial reporting do not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act, and failure to achieve and maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

Our internal controls over financial reporting do not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act, standards that we will be required to meet in the course of preparing our 2011 annual report on Form 10-K. We do not currently have comprehensive documentation of our internal controls, nor do we document or test our compliance with these controls on a periodic basis in accordance with Section 404 of the Sarbanes-Oxley Act. Furthermore, we have not tested our internal controls in accordance with Section 404 and, due to our lack of documentation, such a test would not be possible to perform at this time.

We are in the early stages of addressing our internal controls procedures to satisfy the requirements of Section 404, which requires an annual management assessment of the effectiveness of our internal controls over financial reporting. If, as a public company, we are not able to timely or adequately implement the requirements of Section 404, our independent registered public accounting firm may not be able to attest to the adequacy of our internal controls over financial reporting. If we are unable to maintain adequate internal controls over financial reporting, we may be unable to report our financial information in a timely and reliable manner, may suffer adverse regulatory consequences or violations of applicable stock exchange listing rules and may breach the covenants under our credit facilities. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements, which could significantly harm our business.

In addition, we expect to incur incremental costs in order to improve our internal controls over financial reporting and comply with Section 404, including increased audit and legal fees and costs associated with hiring additional accounting and administrative staff.

Forward-looking statements

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to us. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." When used in this prospectus, the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "would," and similar expressions identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in any forward-looking statements are reasonable, these plans, intentions or expectations are based on assumptions, are subject to risks and uncertainties and may not be achieved. Our actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this prospectus. Important factors that could cause actual results to differ materially from our forward-looking statements are set forth in this prospectus, including under the heading "Risk Factors." Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this prospectus. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth in this prospectus. These statements include, among other things, statements relating to:

- our evaluation of the history and the dynamics supporting the demand and growth in the asset protection solutions market;
- estimates of market sizes and anticipated uses of our asset protection solutions;
- our business strategy and our underlying assumptions about data and trends in the markets for asset protection solutions;
- our ability to market, commercialize and achieve market acceptance for our asset protection solutions;
- our estimates regarding future revenues, expenses, capital requirements, liquidity, the sufficiency of our cash resources and our needs for additional financing;
- our anticipated use of the proceeds of this offering;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others; and
- management's goals, expectations and objectives and other similar expressions concerning matters that are not historical facts.

Actual events, results and outcomes may differ materially from our expectations due to a variety of factors. Although it is not possible to identify all of these factors, they include, among others, the following:

- loss of or reduction in business with a significant customer;
- an accident or incident involving our asset protection solutions;

- our ability to attract and retain trained engineers, scientists and other highly skilled workers as well as members of senior management;
- strengths and actions of our competitors;
- our current dependence on customers in the oil and gas industry;
- the timing, size and integration success of potential future acquisitions;
- catastrophic events that cause disruptions to our business or the business of our customers; and
- the current economic downturn.

Potential investors are urged to carefully consider these factors and the other factors described under “Risk Factors” in evaluating any forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statements or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

Use of proceeds

We estimate that our net proceeds from the sale of our common stock in this offering, based on the initial public offering price of $ per share (the midpoint of the price range shown on the cover page of this prospectus), will be approximately $, or $ if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We plan to use these net proceeds for general corporate purposes, including working capital and possible acquisitions, although we have no present understandings, commitments or agreements to acquire any businesses or technologies. In addition, we currently expect that we will use a portion of these net proceeds to repay all or a portion of the indebtedness outstanding under our $55.0 million secured revolving credit facility under our credit agreement with Bank of America, N.A., JPMorgan Chase Bank, N.A., TD Bank, N.A. and Capital One, N.A. The secured revolving credit facility currently bears interest at the LIBOR or base rate, at our option, plus an applicable margin ranging from 0% to 3.25% and a market disruption increase of between 0.0% and 1.0%, if the lenders determine it applicable. The applicable rate was % as of August 31, 2009. The secured revolving credit facility matures on July 21, 2012. We used the proceeds from indebtedness incurred during the past year to repay the outstanding indebtedness of our prior credit agreement, to fund two acquisitions that closed after the end of fiscal 2009 and for other general working capital purposes. As of August 31, 2009, we had borrowed a total of $40.8 million under our current credit agreement, and had $14.2 million of availability under the $55.0 million revolving credit facility.

We will not receive any proceeds from the sale of shares by the selling stockholders.

We have not yet determined the amount of our remaining net proceeds to be used specifically for any of the foregoing purposes. Accordingly, management will have flexibility in applying our remaining net proceeds of this offering. Pending their use, we intend to invest our net proceeds from this offering in short-term, investment grade, interest-bearing instruments.

Dividend policy

We have never paid or declared any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors deems relevant. The terms of our current credit agreement with Bank of America, N.A., JPMorgan Chase Bank, N.A., TD Bank, N.A. and Capital One, N.A, preclude us, and the terms of any future debt or credit facility may also preclude us, from paying cash dividends.

Capitalization

The following table sets forth (1) our cash and cash equivalents and (2) our capitalization as of May 31, 2009:

- on an actual basis;
- on a pro forma basis to reflect the conversion of all of our outstanding preferred stock into shares of our common stock upon the completion of this offering, a - for- stock split of our common stock and the effectiveness of our second amended and restated certificate of incorporation that will be effective upon completion of this offering, as if such transactions occurred on May 31, 2009; and
- on a pro forma as adjusted basis to further reflect the sale of shares of common stock by us in this offering at the initial public offering price of $ per share (the midpoint of the price range shown on the cover page of this prospectus).

For purposes of the pro forma as adjusted column of the capitalization table below, we have assumed the net proceeds from this offering will be $ million after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

In addition, the table excludes the following:

- shares of common stock issuable upon the exercise of stock options outstanding as of May 31, 2009 at a weighted average exercise price of $ per share; and
- shares of common stock reserved for future awards under the 2009 Long-Term Incentive Plan.

This table should be read in conjunction with our audited consolidated financial statements, including the notes thereto, “Use of Proceeds,” “Selected Historical Consolidated Financial Information,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” all included elsewhere in this prospectus.

(dollars in thousands)	As of May 31, 2009		
	Actual	Pro forma	Pro forma as adjusted
Cash and cash equivalents	$ 5,668		
Total long-term debt, including current portion(1)	$ 66,251		
Obligations under capital leases, including current portion	14,525		
Total debt	80,776		
Convertible redeemable preferred stock	90,983	—	—
Stockholders' (deficit) equity:			
Common stock; $0.01 par value per share (*actual*: 2,000,000 shares authorized and 1,000,000 shares issued and outstanding; *pro forma*: shares authorized and shares issued and outstanding; *pro forma as adjusted*: shares authorized and shares issued and outstanding)	10		
Additional paid-in capital	1,037		
Accumulated deficit	(47,376)		
Accumulated other comprehensive income	(1,583)		
Total stockholders' (deficit) equity	(47,912)		
Total capitalization	$ 123,847		

(1) As of August 31, 2009, we had borrowed a total of $ million under our current credit agreement, and had $ million of availability under the $55.0 million revolving credit facility, which is net of $ million of outstanding letters of credit.

Dilution

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock immediately after the completion of this offering. Dilution results from the fact that the per share offering price of the common stock is substantially in excess of the book value per share attributable to the existing stockholders for the presently outstanding stock.

As of May 31, 2009, our net tangible book deficit was approximately $98.5 million, or approximately $ per share. Net tangible book deficit per share represents the amount of total tangible assets less our total liabilities, including our preferred stock, divided by the number of shares outstanding. On a pro forma basis, after giving effect to the conversion of shares of our preferred stock into shares of our common stock and a -for- stock split of our common stock, and excluding proceeds from this offering, our pro forma net tangible book value as of May 31, 2009 would have been approximately $ million, or $ per share.

On a pro forma as adjusted basis, after giving further effect to the sale of shares of common stock in this offering at the initial public offering price of $ per share (the midpoint of the price range shown on the cover page of this prospectus) and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of May 31, 2009 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value from this offering of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors purchasing common stock in this offering.

The following table illustrates this dilution to new investors on a per share basis:

Assumed initial public offering price		$
Pro forma net tangible book value per share as of , 2009	$	
Increase in pro forma net tangible book value per share attributable to investors purchasing shares in this offering		
Pro forma net tangible book value per share after this offering		
Dilution in pro forma net tangible book value per share to investors in this offering		$

The following table summarizes, as of May 31, 2009, the differences between the number of shares of common stock owned by existing stockholders and the number to be owned by new public investors, the aggregate cash consideration paid to us after deducting underwriting discounts and estimated offering expenses payable by us and the average price per share paid by our existing stockholders and to be paid by new public investors purchasing shares of

common stock in this offering at the initial public offering price of $ per share (the midpoint of the price range shown on the cover page of this prospectus).

	Shares purchased(1)		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Existing stockholders(1)		%	$	%	$
New public investors					
Total		100.0%	$	100.0%	

(1) The number of shares disclosed for the existing stockholders includes shares being sold by the selling stockholders in this offering and includes the preferred shares converted to common stock at the time of the offering. The number of shares disclosed for the new investors does not include the shares being purchased by the new investors from the selling stockholders in this offering.

The discussion and tables above assume no exercise of the underwriters' over-allotment option. If the underwriters exercise their over-allotment option in full, the number of shares of common stock held by new investors will increase to approximately shares, or approximately % of the total number of shares of our common stock to be outstanding after this offering, our existing stockholders would own approximately % of the total number of shares of our common stock to be outstanding after this offering, the pro forma as adjusted net tangible book value per share of common stock would be approximately $ and the dilution in pro forma as adjusted net tangible book value per share of common stock to new investors would be $.

In addition, the above discussion and tables assume no exercise of stock options.

As of May 31, 2009, we had outstanding options to purchase a total of shares of common stock at a weighted average exercise price of $ per share. If all of these outstanding options had been exercised as of May 31, 2009, our pro forma net tangible book value would have been $ per share of common stock, pro forma as adjusted net tangible book value after this offering would be $ per share of common stock and dilution in pro forma as adjusted net tangible book value to investors in this offering would be $ per share of common stock.

In addition, if all of these outstanding options as of May 31, 2009 were exercised, on an as adjusted basis after deducting underwriting discounts and estimated offering expenses payable by us, (i) existing stockholders would have purchased shares representing % of the total shares for $, or approximately % of the total consideration paid, with an average price per share of $ and (ii) shares purchased by new stockholders in this offering would represent approximately % of total shares for approximately $, or approximately % of the total consideration paid.

Selected historical consolidated financial information

The following tables set forth our selected historical consolidated financial data for the periods indicated. The selected statement of operations and cash flow data for fiscal 2009, 2008 and 2007 and the selected balance sheet data as of May 31, 2009 and 2008 have been derived from our audited financial statements and related notes thereto included elsewhere in this prospectus. The statement of operations and cash flow data for fiscal 2006 and fiscal 2005 and the selected balance sheet data as of May 31, 2007, 2006 and 2005 have been derived from our audited financial statements not included in this prospectus. The information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited and unaudited financial statements and the notes thereto included elsewhere in this prospectus.

(dollars in thousands, except per share data)	2009	2008	2007	2006	Fiscal 2005
Statement of Operations Data:					
Revenues	$ 209,133	$ 152,268	$ 122,241	$ 93,741	$ 80,813
Cost of revenues	131,167	90,590	75,702	55,908	51,426
Depreciation	8,700	6,847	4,666	3,013	2,947
Gross profit	69,266	54,831	41,873	34,820	26,440
Selling, general and administrative expenses	47,150	32,943	26,408	24,748	20,994
Research and engineering expenses	1,255	954	703	660	1,029
Depreciation and amortization	3,936	4,576	4,025	4,165	3,988
Legal settlement	2,100	—	—	—	—
Income from operations	14,825	16,358	10,737	5,247	429
Interest expense	4,614	3,531	4,482	4,225	4,589
Loss on extinguishment of long-term debt	—	—	460	—	—
Income (loss) before provision for (benefit from) income taxes and minority interest	10,211	12,827	5,795	1,022	(4,160)
Provision for (benefits from) income taxes	4,558	5,380	208	503	(71)
Income (loss) before minority interest	5,653	7,447	5,587	519	(4,089)
Minority interest, net of taxes	(187)	(8)	(199)	(17)	16
Net income (loss)	5,466	7,439	5,388	502	(4,073)
Accretion of preferred stock	(27,114)	(32,872)	(3,520)	(2,922)	(2,062)
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868	$ (2,420)	$ (6,135)
Weighted average number of common shares outstanding					
Basic	1,000,000	1,000,000	991,348	977,115	965,577
Diluted	1,000,000	1,000,000	1,007,803	977,115	965,577
(Loss) earnings per common share:					
Basic	$ (21.65)	$ (25.43)	$ 1.88	$ 2.48	$ (6.35)
Diluted	(21.65)	(25.43)	1.85	2.48	(6.35)
Pro forma diluted earnings (loss) per common share(1)	3.50	4.81	3.56	0.35	(3.22)
Other Financial Data:					
Net cash provided by operating activities	$ 12,661	$ 12,851	$ 14,006	$ 6,208	$ 3,024
Net cash used in investing activities	(15,888)	(19,446)	(4,259)	(2,387)	(3,193)
Net cash provided by (used in) financing activities	4,912	6,320	(8,122)	(2,654)	(183)
EBITDA(2)	27,274	27,773	18,769	12,408	7,380
Adjusted EBITDA(2)	31,122	28,091	19,229	12,408	7,380

(dollars in thousands)	As of the end of fiscal 2009	2008	2007	2006	2005
Balance Sheet Data:					
Cash and cash equivalents	$ 5,668	$ 3,555	$ 3,767	$ 1,976	$ 700
Total assets	151,274	119,822	79,885	74,425	71,149
Total long-term debt, including current portion	66,251	48,270	25,403	29,668	38,622
Obligations under capital leases, including current portion	14,525	11,842	9,970	8,275	7,283
Convertible redeemable preferred stock	90,983	63,869	30,995	26,575	15,623
Total stockholders' (deficit) equity	(47,912)	(24,475)	903	(1,326)	1,113

(1) Pro forma diluted (loss) earnings per common share gives effect to the assumed conversion of our preferred stock for all periods presented. It is computed by dividing net income by the pro forma number of weighted average shares outstanding used in the calculation of diluted earnings (loss) per share, but after assuming conversion of our preferred stock and exercise of any diluted stock options. The calculation for this, as well as our basic and diluted (loss) earnings per common share, follows.

(in thousands, except share and per share data)	2009	2008	2007	2006	Fiscal 2005
Basic (loss) earnings per common share:					
Numerator:					
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868	$ (2,420)	$ (6,135)
Denominator:					
Weighted average number of common shares outstanding	1,000,000	1,000,000	991,348	977,115	965,577
Basic (loss) earnings per common share	$ (21.65)	$ (25.43)	$ 1.88	$ (2.48)	$ (6.35)
Diluted (loss) earning per common share:*					
Numerator					
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868	$ (2,420)	$ (6,135)
Denominator:					
Weighted average number of common shares outstanding	1,000,000	1,000,000	991,348	977,115	965,577
Common stock equivalents of outstanding stock options	—	—	16,455	—	—
Total shares	1,000,000	1,000,000	1,007,803	977,115	965,577
Diluted (loss) earnings per common share	$ (21.65)	$ (25.43)	$ 1.85	$ (2.48)	$ (6.35)
*Inclusion of certain stock options and conversion of preferred shares would be anti-dilutive.					

(in thousands, except share and per share data)	2009	2008	2007	2006	Fiscal 2005
Pro forma diluted earnings (loss) per common share:					
Numerator:					
Net income (loss)	$ 5,466	$ 7,439	$ 5,388	$ 502	$ (4,073)
Denominator:					
Weighted average number of common shares outstanding	1,000,000	1,000,000	991,348	977,115	965,577
Common stock equivalents of outstanding stock options	42,755	26,520	16,455	21,721	—
Common stock equivalents of conversion of preferred shares	519,906	519,906	503,829	420,067	298,701
Total shares	1,562,661	1,546,426	1,511,632	1,418,903	1,264,278
Pro forma diluted earnings (loss) per common share	$ 3.50	$ 4.81	$ 3.56	$ 0.35	$ (3.22)

(2) EBITDA and adjusted EBITDA are performance measures used by management that are not calculated in accordance with U.S. generally accepted accounting principles (GAAP). EBITDA is defined in this prospectus as net income plus: interest expense, provision for income taxes and depreciation and amortization. Adjusted EBITDA is defined in this prospectus as net income plus: interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and certain one-time and generally non-recurring items (which items are described in the next paragraph and the reconciliation table below).

Our management uses EBITDA and adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis, as measures for planning and forecasting overall expectations and for evaluating actual results against such expectations and as performance evaluation metrics off which to base executive and employee incentive compensation programs.

We believe investors and other external users of our financial statements benefit from the presentation of EBITDA and adjusted EBITDA in evaluating our operating performance because they provide an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. For instance, EBITDA and adjusted EBITDA generally exclude interest expense, taxes and depreciation, amortization and non-cash stock compensation, each of which can vary substantially from company to company depending upon accounting methods and the book value and age of assets, capital structure, capital investment cycles and the method by which assets were acquired. Similarly, our adjusted EBITDA (and not our EBITDA) for fiscal 2009 excludes the impact of a one-time payment we made to settle a lawsuit and the writeoff of $1.6 million in accounts receivable we expected to collect from a customer that declared bankruptcy in fiscal 2009. These items were excluded because management believes these events were highly unique to us in fiscal 2009. Our adjusted EBITDA for fiscal 2009 and 2008 also excludes the impact of stock compensation expenses, because these expenses actually did not involve us paying or agreeing to pay any cash.

Although EBITDA and adjusted EBITDA are widely used by investors and securities analysts in their evaluations of companies, you should not consider them either in isolation or as a substitute for analyzing our results as reported under U.S. generally accepted accounting principles (GAAP). EBITDA and adjusted EBITDA are generally limited as analytical tools because they exclude, among other things, the statement of operations impact of depreciation and amortization, interest expense and the provision for income taxes and therefore do not necessarily represent an accurate measure of profitability, particularly in situations where a company is highly leveraged or has a disadvantageous tax structure. As a result, EBITDA and adjusted EBITDA are of limited value in evaluating our operating performance because (i) we use a significant amount of capital assets and depreciation and amortization expense is a necessary element of our costs and ability to generate revenues; (ii) we have a significant amount of debt and interest expense is a necessary element of our costs and ability to generate revenues; and (iii) we generally incur significant U.S. federal, state and foreign income taxes each year and the provision for income

taxes is a necessary element of our costs. EBITDA and adjusted EBITDA also do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments, changes in, or cash requirements for, our working capital needs and all non-cash income or expense items that are reflected in our statements of cash flows. Our adjusted EBITDA for fiscal 2009 excludes the impact of an actual cash expenditure for the settlement of a lawsuit and an amount we were unable to collect in fiscal 2009 due to the bankruptcy of a customer, and our adjusted EBITDA for fiscal 2009 and 2008 excludes the impact of stock compensation expenses that reduced our net income under GAAP. Furthermore, because EBITDA and adjusted EBITDA are not defined under GAAP, our definitions of EBITDA and adjusted EBITDA may differ from, and therefore may not be comparable to, similarly titled measures used by other companies, thereby limiting their usefulness as comparative measures. Because of these limitations, neither EBITDA nor adjusted EBITDA should be considered as the primary measure of our operating performance or as a measure of discretionary cash available to us to invest in the growth of our business. We strongly urge you to review the GAAP financial measures included in this prospectus, our consolidated financial statements, including the notes thereto, and the other financial information contained in this prospectus, and not to rely on any single financial measure to evaluate our business.

The following table provides a reconciliation of net income to EBITDA and adjusted EBITDA:

	Fiscal				
(in thousands)	**2009**	**2008**	**2007**	**2006**	**2005**
Net income (loss)	$ 5,466	$ 7,439	$ 5,388	$ 502	$ (4,073)
Interest expense	4,614	3,531	4,482	4,225	4,589
Provision for income taxes	4,558	5,380	208	503	(71)
Depreciation and amortization	12,636	11,423	8,691	7,178	6,935
EBITDA	$ 27,274	$ 27,773	$ 18,769	$ 12,408	$ 7,380
Legal settlement	2,100	—	—	—	—
Large customer bankruptcy	1,556	—	—	—	—
Stock compensation expense	192	318	—	—	—
Loss on extinguishment of debt	—	—	460	—	—
Adjusted EBITDA	$ 31,122	$ 28,091	$ 19,229	$ 12,408	$ 7,380

Management's discussion and analysis of financial condition and results of operations

You should read the following discussion together with the financial statements and the notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. The cautionary statements made in this prospectus should be read as applying to all related forward-looking statements wherever they appear in this prospectus. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including but not limited to those we discuss under "Risk Factors" and "Forward-Looking Statements."

Overview

We are a leading global provider of technology-enabled asset protection solutions used to evaluate the structural integrity of critical energy, industrial and public infrastructure. We combine industry-leading products and technologies, expertise in mechanical integrity (MI) and non-destructive testing (NDT) services and proprietary data analysis software to deliver a comprehensive portfolio of customized solutions, ranging from routine inspections to complex, plant-wide asset integrity assessments and management. These mission critical solutions enhance our customers' ability to extend the useful life of their assets, increase productivity, minimize repair costs, comply with governmental safety and environmental regulations, manage risk and avoid catastrophic disasters. Given the role our services play in ensuring the safe and efficient operation of infrastructure, we have historically provided a majority of our services to our customers on a regular, recurring basis. We serve a global customer base of companies with asset-intensive infrastructure, including companies in the oil and gas, fossil and nuclear power, public infrastructure, chemicals, aerospace and defense, transportation, primary metals and metalworking, pharmaceuticals and food processing industries. During fiscal 2009, we provided our asset protection solutions to approximately 4,500 customers. As of August 1, 2009, we had approximately 2,000 employees, including 29 Ph.D.'s and more than 100 other degreed engineers and highly-skilled, certified technicians, in 68 offices across 15 countries. We have established long-term relationships as a critical solutions provider to many leading companies in our target markets. Our current principal market is the oil and gas industry, which accounted for approximately 58%, 50% and 52% of our revenues for fiscal 2009, 2008 and 2007, respectively.

During the last three fiscal years, we have focused on introducing our advanced asset protection solutions to our customers using proprietary, technology-enabled software and testing instruments, including those developed by our Products and Systems segment. During this period, the demand for outsourced asset protection solutions has, in general, increased, creating demand from which our entire industry has benefited. We have experienced compounded annual revenue growth (CAGR) of 30.7% over the last three fiscal years, including the impact of acquisitions and currency fluctuations. During the same period, revenues from our customers in the oil and gas market, historically our largest target market, had a CAGR of 39.0%. All of our other target markets, collectively, had a CAGR of 22.0%. We believe further growth can be realized in all of our target markets. Concurrent with this growth, we have worked to build our infrastructure to profitably absorb additional growth and have made a number of small acquisitions in an effort to leverage our fixed costs, grow our base of experienced personnel, expand our technical capabilities and increase our geographical reach.

Since inception, we have increased our capabilities and the size of our customer base through the development of applied technologies and managed support services, organic growth and the successful and seamless integration of acquired companies. These acquisitions have provided us with additional products, technologies, resources and customers that have enhanced our sustainable competitive advantages over our competition.

The global economy is currently in a pronounced economic downturn. Global financial markets are continuing to experience disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, volatility in interest and currency exchange rates and overall uncertainty about economic stability. There may be further deterioration and volatility in the global economy and the global financial markets. Although this economic downturn has negatively impacted our revenues and profitability in fiscal 2009, and may negatively impact our future results if it continues, we believe it also has allowed us to selectively hire new talented individuals that otherwise might not have been available to us, to acquire and develop new technology in order to aggressively expand our proprietary portfolio of customized solutions, and to make acquisitions of complementary businesses at reasonable valuations. We believe we will be able to derive additional revenues from these strategic investments with favorable gross margins in future periods, which we believe would at least in part offset any further negative revenue impact we incur from the economic downturn during those periods. Also, although some of our customers have delayed turnaround projects and other large-scale inspection projects, they have historically seldom postponed such projects indefinitely, so we expect increased revenues if and when our customers request we complete these projects. However, due to the severity of the economic downturn, these projects instead may continue to be delayed.

Basis of presentation

Consolidated results of operations

Our three segments are:

- *Services.* This segment provides asset protection solutions in North and Central America with the largest concentration in the United States.
- *Products and Systems.* This segment designs, manufactures, sells, installs and services our asset protection products and systems, including equipment and instrumentation, predominantly in the United States.
- *International.* This segment offers services, products and systems similar to those of our other segments to global markets, principally in Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by our Products and Systems segment.

General corporate services, including accounting, audit and contract management, are provided to the segments and are reported as intersegment transactions within corporate and eliminations. Sales to the International segment from the Products and Systems segment and subsequent sales by the International segment of the same items are recorded and reflected in the operating performance of both segments. Additionally, engineering charges and royalty fees charged to the Services and International segments by the Products and Systems segment are

reflected in the operating performance of each segment. All such intersegment transactions are eliminated in corporate and eliminations.

The accounting policies of the reportable segments are the same as those described in the summary of our significant accounting policies in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. Segment income from operations is determined based on internal performance measures used by the Chief Executive Officer, the chief operating decision maker, to assess the performance of each business in a given period and to make decisions as to resource allocations. In connection with that assessment, the Chief Executive Officer may exclude items such as charges for stock-based compensation and certain other acquisition-related charges and balances, technology and product development costs, certain gains and losses from dispositions, and litigation settlements or other charges. Certain general and administrative costs such as human resources, information technology and training are allocated to the segments. Segment income from operations also excludes interest and other financial charges and income taxes. Corporate and other assets are comprised principally of cash, deposits, property, plant and equipment, domestic deferred taxes, deferred charges and other assets. Corporate loss from operations consists of depreciation on the corporate office facilities and equipment, administrative charges related to corporate personnel and other charges that cannot be readily identified for allocation to a particular segment.

Statement of operations overview

The following describes certain line items in our statement of operations and some of the factors that affect our operating results.

Revenues

Our revenues are generated by sales of our services, products and systems. The majority of our revenues are derived under time-and-materials contracts for specified asset protection services on a project-by-project basis. The duration of our projects vary depending on their scope. Some of our projects last from a few weeks to a few months, but the more significant projects can last for more than a year and can require long-term deployment of substantial personnel, equipment and resources. The start date of our projects can be postponed or delayed and the duration of our projects can be shortened or increased due to a variety of factors beyond our control. In addition to the timing of these projects and the seasonality of our business, the amount and origination of our revenues often vary from period to period. A percentage of our revenues are usually attributable to recurring work from our existing customers. Although our top ten customers are responsible for a large percentage of our revenues, we generate our revenues from most of these customers by providing asset protection solutions to a number of their business locations. Decisions regarding the purchase of our solutions by these customers are made either on a corporate basis or on a location-by-location basis. Also included in our revenues are software license fees and product sales, as well as an estimate for any sales returns and customer allowances. Revenues under our time-and-materials services contracts are based on the hours of service we provide our customers at negotiated rates, plus any actual costs of materials and other direct expenses that we incur on the project, with little or no mark-up. Because these expenses, such as travel and lodging or subcontracted services, can change significantly from project to project, changes in our revenues may not be indicative of business trends.

Cost of revenues

Our cost of revenues includes our direct compensation and related benefits to support our sales, together with reimbursable costs, materials consumed or used in manufacturing our products and certain overhead costs, such as non-billable time, equipment rentals, fringe benefits and repair and maintenance.

Depreciation included in gross profit

Our depreciation represents the expense charge for our capitalized assets. Depending on the nature of the original item capitalized, these depreciation expenses are reported in one of two places in our statement of operations. Depreciation used in determining gross profit is directly related to our revenues and primarily relates to depreciation of equipment used for the delivery of our asset protection solutions and to a lesser extent depreciation of manufacturing equipment. We also have other depreciation primarily related to our corporate headquarters which is included in deriving our income from operations as discussed below.

Gross profit

Our gross profit equals our revenues less our cost of revenues and attributed depreciation. Our gross profit, both in absolute dollars and as a percentage of revenues, can vary based on our volume, sales mix, actual manufacturing costs and our utilization of labor. As a result, gross profit may vary from quarter to quarter. For instance, our gross profit can decline during holiday periods when we incur labor costs without any corresponding revenues. Under our time-and-materials contracts, we negotiate hourly billing rates and charge our clients based on the actual time that we expend on a project. Our profit margins on time-and-materials contracts fluctuate based on actual labor and overhead costs that we directly charge or allocate to contracts compared to negotiated billing rates.

In recent years, there has been an increasing demand for asset protection solutions and, until recently, a limited supply of certified technicians. Accordingly, we have experienced increases in our cost of labor in our Services segment. The customers of our Services segment are aware of these supply constraints and generally have, to some extent, accepted corresponding price increases for our services. In the current economic environment, we are uncertain whether our ability to increase prices for our services will continue. In our Products and Systems segment, our ability to increase prices for any product or system to offset associated cost increases is based principally on the extent to which its incorporates our proprietary technology. We believe our efforts to develop and offer our customers value-added proprietary solutions instead of commodity-type products help us, in part, to resist margin erosion. Our International segment offers services, products and systems similar to those of our other segments, so our ability to increase prices in this segment as costs increase is determined by the same factors affecting the pricing of our other segments, and the relative mix of services, products and systems it provides in the applicable period.

Selling, general and administrative expenses

Our selling, general and administrative expenses are comprised primarily of expenses of our sales and marketing operations, field location administrative costs and our corporate headquarters related to our executive, general management, finance, accounting and administrative functions and legal fees and expenses. These costs can vary based on our volume of business or

as expenses are incurred to support corporate activities and initiatives such as training. The largest single category is salaries and related costs. In the near term, we expect these expenses to increase as we support the growth of our business and expand our sales and marketing efforts, improve our information processes and systems and implement the financial reporting, compliance and other infrastructure required for a public company. We also expect that our selling, general and administrative expenses will decline as a percentage of our revenues, particularly over the long term.

Research and engineering

Research and engineering expense consists primarily of engineering salaries and personnel-related costs and the cost of products, materials and outside services used in our process and product development activities primarily in our Products and Systems segment. Other research and development is conducted in our Services segment by various billable personnel and our management on a collaborative basis. These costs are not separated and are included in cost of revenues. Specific development costs on software are capitalized and amortized in our depreciation and amortization included in our income from operations. From time-to-time, we receive minor grants or contracts for paid research which are recorded in our revenues with the related costs included in cost of revenues. We expect to continue our investment in research and engineering activities and anticipate that our associated expense will increase in absolute terms in the future as we hire additional personnel and increase research and engineering activity. However, as a percentage of revenues, we expect research and engineering expense to decline over time.

Depreciation and amortization included in income from operations

Our depreciation and amortization used in deriving our income from operations represents the expense charge for our capitalized assets, and primarily relates to buildings and improvements, including our corporate headquarters, office furniture, equipment, and intangibles acquired as part of our acquisitions of other businesses. These intangible assets include, but are not limited to, non-competition agreements, customer lists and trade names. To the extent we ascribe value to identifiable intangible assets that have finite lives, we amortize those values over the estimated useful lives of those assets. Such amortization expense, although non-cash in the period expensed, directly impacts our results of operations. It is difficult to predict with any precision the amount of expense we may record relating to acquired intangible assets. Because many of the intangible assets we acquire are short-lived intangible assets, we would expect to see higher amortization expense in the first 12 to 18 months after an acquisition has been consummated.

Income from operations

Our income from operations is our gross profit less our selling, general and administrative expenses, research and engineering and depreciation and amortization included in income from operations. We refer to our income from operations as a percentage of our revenues as our operating margin.

Interest expense

Our interest expense consists primarily of interest paid to our lenders under our credit agreement. Also included is the interest incurred on our capital leases and on subordinated notes issued as part of our acquisitions. We adjust the interest differential on our interest rate swap quarterly to reflect the difference from our current borrowing rate to the notional amount of our interest rate swap contracts.

Income taxes

Income tax expense varies as a function of income before income tax expense and permanent non-tax deductible expenses, such as certain amounts of meals and entertainment expense, valuation allowance requirements and other permanent differences. Prior to fiscal 2007, we had net operating loss carryforwards (NOLs) for federal and state purposes, but as a result of our pre-tax income in fiscal 2007, we used a majority of these NOLs. As of May 31, 2009 we had $2.6 million of NOLs available to offset state taxable income in future years. These state NOLs will expire, if not utilized, at varying dates beginning in 2011 depending on the laws of each state and we have provided a valuation allowance of $0.2 million. Our effective income tax rate will be subject to many variables, including the absolute amount and future geographic distribution of our pre-tax income. We also plan to continue our acquisition strategy, and, as such, we anticipate that there will be variability in our effective tax rate from quarter to quarter and year to year, especially to the extent that our permanent differences increase or decrease. As a result of any of these factors, our future effective income tax rate may fluctuate significantly over the next few years.

Minority interest, net of taxes

The minority interest represents the ownership interests of other stockholders in our international subsidiaries, where 100% ownership is not permitted or de minimis local ownership is helpful for business purposes. For fiscal 2007, this amount primarily consisted of the net income of Envirocoustics A.B.E.E., which we first consolidated in fiscal 2006. We acquired this entity on April 25, 2007.

Consolidated results of operations

Fiscal 2009, 2008 and 2007

Our revenues, gross profit, income from operations and net income for fiscal 2009, 2008 and 2007 were as follows:

(dollars in thousands)	Fiscal 2009	2008	2007
Revenues	$ 209,133	$ 152,268	$ 122,241
Gross profit	69,266	54,831	41,873
Gross margin %	33.1%	36.0%	34.3%
Income from operations	$ 14,825	$ 16,358	$ 10,737
Operating margin as percentage of revenues	7.1%	10.7%	8.8%
Interest expense	4,614	3,531	4,482
Loss on extinguishment of long-term debt	—	—	460
Income before provision for income taxes and minority interest	10,211	12,827	5,795
Provision for income taxes	4,558	5,380	208
Income before minority interest	5,653	7,447	5,587
Minority interest, net of taxes	(187)	(8)	(199)
Net income	$ 5,466	$ 7,439	$ 5,388
Net income as percentage of revenues	2.6%	4.9%	4.4%

Fiscal 2009 compared to fiscal 2008

Revenues. Revenues increased $56.9 million, or 37.3%, for fiscal 2009 compared to fiscal 2008 as a result of growth in all our segments. For fiscal 2009 and fiscal 2008, we estimate that our organic, as compared to acquisition-driven, growth rate was approximately 16% and 17%, respectively. In fiscal 2009, we estimate that all of our segments had organic growth, and that the Services and International segments had double digit organic growth rates. This organic growth was the result of continued demand for our asset protection solutions, including growth from new and existing customers, and did not result from any unusually large one-time projects. In fiscal 2009, we estimate that growth from acquisitions was approximately 23% compared to 6% in fiscal 2008, primarily because we acquired 5 NDT companies in fiscal 2009 and 7 NDT companies in 2008, increasing our capabilities and adding to our base of qualified technicians.

In the second half of fiscal 2009 we believe the economic downturn resulted in greater than usual reductions or delays in capital spending by our customers. Several anticipated regular maintenance projects as well as projects requiring intensive work during a temporary asset shutdown, or “turnaround” projects, were either reduced in scope or have been delayed until fiscal 2010 or later.

Despite the economic downturn, we experienced growth in many of our target markets in fiscal 2009 as compared to fiscal 2008. The largest dollar increase was attributable to customers in the oil and gas market, which accounted for approximately 58% of our total revenues. This growth was achieved globally on several new and existing projects. Overall this market provided 57.6% and 49.8% of our total revenues for fiscal 2009 and 2008, respectively. As of May 31, 2009, we serviced approximately 20% of the U.S. refineries and 36% of refineries producing 50,000-100,000 barrels per day. The remainder of the growth in our revenues was broadly distributed among customers in our other target markets, with the largest increases in this period attributable to customers in the chemical market, where we obtained a new long-term service contract, and in the industrial and manufacturing sector where we obtained new customers through our acquisitions. The most significant decrease in fiscal 2009 was in the electronics and transportation industries, but these industries together accounted for less than 3.0% of our total revenues in fiscal 2009. Our top ten customers represented 35.8% of our revenues for fiscal 2009 compared to 35.2% in fiscal 2008. One of these top ten customers filed for bankruptcy in January 2009. Our revenues from this customer were $6.4 million for fiscal 2009. Although we have increased our allowance for doubtful accounts receivable attributable to this long-term customer by approximately $1.6 million as a result of this bankruptcy, we continue to work for this customer under the protection of the bankruptcy court.

Gross profit. Our gross profit increased $14.4 million, or 26.3%, in fiscal 2009 compared to fiscal 2008. As a percentage of revenues, our gross profit was 33.1% and 36.0% in fiscal 2009 and fiscal 2008, respectively. The non-depreciation portion of our cost of revenues as a percentage of revenues increased to 62.7% in fiscal 2009 from 59.5% in fiscal 2008. Depreciation expense included in determining gross profit for fiscal years 2009 and 2008 was $8.7 million, or 4.2% of revenues, and $6.8 million, or 4.5% of revenues, respectively.

Despite the 37.3% increase in our fiscal 2009 revenues, our gross profit as a percentage of revenues declined to 33.1% in fiscal 2009 from 36.0% in fiscal 2008. Some of this decline resulted from our sales mix, since our Services segment generated the largest portion of the revenue increase and our gross margins on revenues from our Services segment are generally lower than that of our other segments. A large portion of this cost can be attributed to the economic downturn, because when our customers delay or reschedule projects, this delays our recognition of revenues from those projects while we continue to incur labor expenses. We also incurred the cost to hire and train employees in order to develop several new specialties within our asset protection solutions, or “centers of excellence”, including centers for industrial tube and off-shore oil rig platform riser inspections and new pipeline construction. In addition, our business was disrupted during September 2008 by Hurricane Ike and in our third fiscal quarter by strikes threatened by employees of several of our customers, which were subsequently resolved. As we anticipated, several of our recently acquired businesses had lower margins than we normally achieve and we would expect that these margins will improve as we fully integrate these acquired businesses into our business model. Our payroll costs, including workers’ compensation insurance, also increased during fiscal 2009, but unlike in fiscal 2008, we did not benefit from a $1.0 million adjustment, resulting from favorable claims experienced.

Income from operations. Our income from operations of $14.8 million for fiscal 2009 decreased $1.5 million, or 9.4%, compared to fiscal 2008. As a percentage of revenues, our income from operations was 7.1% in fiscal 2009, compared to 10.7% in fiscal 2008. In fiscal 2009, we increased our allowance for doubtful accounts by approximately $1.6 million to provide for estimated losses in connection with a large customer bankruptcy and incurred $2.1 million in

expenses in connection with a lawsuit settlement. Without these charges, our fiscal 2009 income from operations would have been approximately 9% of revenues.

The percentage of total operating income for fiscal 2009 contributed by our segments was Services: 92.3%; Products and Systems: 11.2%; International: 27.6%; and Corporate and Eliminations: (31.1%). For fiscal 2008, the operating income contributed by our segments was: Services: 89.6%; Products and Systems: 16.6%; International: 14.7%; and Corporate and Eliminations: (20.9%).

As a percentage of revenues, selling, general and administrative expenses for fiscal 2009 were 22.5% compared to 21.6% for fiscal 2008. Our selling, general and administrative expenses for fiscal 2009 increased $14.2 million, or 43.1%, over fiscal 2008, primarily due to the cost of additional infrastructure to support our growth, including several new locations obtained through our acquisitions. Our recent acquisitions accounted for approximately $6.0 million of this increase. In addition, the $1.6 million increase in our allowance for doubtful accounts due to the bankruptcy of our customer was included in this expense category. Other increases in our selling, general and administrative expenses included higher compensation and benefit expenses over the previous year attributed to normal salary increases as well as our investment in additional management and corporate staff. A significant portion of these increases (as well as other increases in cost of revenues) supported our development of additional centers of excellence. Our professional fees were also higher as we incurred more expense in connection with the preparations necessary to operate as a publicly traded company. Depreciation and amortization included in the determination of income from operations for fiscal 2009 and fiscal 2008 was $3.9 million, or 1.9% of revenues, and $4.6 million, or 3.0% of revenues, respectively.

Interest expense. Interest expense was $4.6 million and $3.5 million for fiscal 2009 and fiscal 2008, respectively. The $1.1 million increase in fiscal 2009 interest expense was primarily due to increased borrowing for our acquisitions and purchases of equipment, as well as working capital requirements. For both years, we incurred additional expense related to the market rate adjustments to our interest rate swaps, as the fixed rate on these swaps was higher than market rates during both annual periods. The total interest expense adjustments for these swap arrangements for fiscal 2009 and fiscal 2008 was approximately $0.2 million and $0.6 million, respectively. On July 1, 2008, we borrowed $20.0 million to replenish our revolving line of credit and finance several acquisitions and on January 7, 2009, we increased our revolver by $5.0 million for a total of $20.0 million.

Minority Interest, net of taxes. The increase in fiscal 2009 of $0.2 million in the minority interest is related to the increased profit, primarily from Diapac, our subsidiary in Russia. For fiscal 2007, this amount primarily consisted of the net income of Envirocoustics A.B.E.E., which we first consolidated in fiscal 2006. We acquired this entity on April 25, 2007.

Income taxes. Our effective income tax rate was 44.6% for fiscal 2009 compared to 41.9% for fiscal 2008. The increase was primarily due to the impact of higher state taxes and US taxes on our foreign profits, net of other adjustments.

Net income. Our net income for fiscal 2009 of $5.5 million, or 2.6% of our revenues, was $2.0 million lower than our net income for fiscal 2008, which was $7.4 million, or 4.9% of revenues. This decrease in net income was primarily the result of the combination of higher revenues and higher costs of revenues as a percentage of revenues, and other operating costs such as the additional $1.6 million allowance for doubtful accounts and higher interest expense, depreciation and provision for income taxes. The $1.6 million increase in our allowance for

doubtful accounts and $2.1 million incurred in connection with the lawsuit settlement, both of which we consider generally non-recurring or unusual, caused our net income to be lower by approximately 1% on an after-tax basis. Our net income in fiscal 2008 also benefited from a $1.0 million pre-tax adjustment.

Fiscal 2008 compared to fiscal 2007

Revenues. Revenues increased $30.0 million, or 24.6%, for fiscal 2008 compared to fiscal 2007 as a result of growth in all our segments. In fiscal 2008, the largest increase in our revenues was attributable to customers in the oil and gas market, which accounted for approximately 50% of our total revenues. The remainder of the growth in our revenues was broadly distributed among customers in our other target markets, with the largest increases attributable to growth in revenues from customers in the fossil and nuclear power and chemicals markets and other process industries. In fiscal 2008, we completed a significant number of projects for existing customers in the public infrastructure market. However, there was a small decrease in revenues from customers in this market in fiscal 2008 because we completed a significant new bridge project in fiscal 2007. The increase in fiscal 2008 revenues was largely driven by our Services segment, which represented $25.2 million of the total increase, and resulted primarily from an increase in the overall customer demand for asset protection solutions, and revenues contributed from acquired businesses.

Gross profit. Our gross profit for fiscal 2008 increased $13.0 million, or 30.9%, over fiscal 2007. As a percentage of revenues, our gross profit was 36.0% and 34.3% in fiscal 2008 and fiscal 2007, respectively. In dollar terms, the increase in our gross profit during our 2008 fiscal year was primarily the result of increased revenues and our raising prices to keep pace with escalating labor rates, partially offset by increased depreciation expense due to purchases of field test equipment and additional fleet vehicles to support our revenue growth. Our gross profit in fiscal 2008 also benefitted by 0.7% as we reduced our estimated accrual for workers compensation claims due to favorable claim experience. As a percentage of revenues, depreciation expense included in gross profit for fiscal 2008 and fiscal 2007 was 4.5% and 3.8%, respectively.

Income from operations. Our income from operations of $16.4 million in fiscal 2008 increased $5.6 million, or 52.4%, compared to fiscal 2007. As a percentage of revenues, for fiscal 2008, our income from operations was 10.7%, compared to 8.8% for fiscal 2007. This increase was a result of increased revenues and gross profit, offset by increases in selling, general and administrative expenses and depreciation and amortization. Our selling, general and administrative expenses included in the determination of income from operations for fiscal 2008 increased $6.5 million, or 24.7%, over fiscal 2007 due to additional infrastructure costs for several new locations obtained through acquisitions, increases to our international staff and increased audit costs. As a percentage of revenues, our selling, general and administrative expenses in fiscal 2008 and fiscal 2007 were 21.6%.

Interest expense. Interest expense was $3.5 million and $4.5 million during fiscal 2008 and 2007, respectively. In fiscal 2007, we paid $1.2 million of conditional interest in connection with a bank refinancing, which accounted for most of the $1.0 million decrease in interest expense. The decrease in interest expense was also due to lower market rates of interest in fiscal 2008, offset by the additional expense for an adjustment to our interest rate swaps during this period because the fixed rate on these swaps was higher than market rates during the period. In the

last quarter of fiscal 2008 our interest also began to increase as a result of financing our acquisitions.

Loss on extinguishment of long-term debt. The $0.5 million loss on the extinguishment of debt during fiscal 2007 related to the write-off of certain capitalized financing costs related to the refinancing of our debt through a new credit arrangement.

Income taxes. Our effective income tax rate was 41.9% for fiscal 2008. For fiscal 2007, we had an effective rate of 3.6%. This increase was primarily as a result of releasing the deferred tax valuation allowances during fiscal 2007 and the higher international tax rates on the income of certain of our subsidiaries that we do not consolidate for tax purposes.

Net income. Our net income for fiscal 2008 of $7.4 million, or 4.9% of our revenues, was $2.1 million greater than our net income for fiscal 2007, which was $5.4 million, or 4.4% of revenues. This 38.1% increase in net income was primarily as a result of the impact of higher revenues net of higher cost of revenues and operating costs on a percentage basis, lower interest expense and a higher provision for income taxes.

Segment data

Selected consolidated financial information by segment for fiscal 2009, 2008 and 2007 was as follows:

(dollars in thousands)	Fiscal 2009	2008	2007
Revenues(1)			
Services	$ 167,543	$ 116,027	$ 90,867
Products and Systems	17,310	16,675	14,916
International	29,165	23,727	20,935
Corporate and eliminations	(4,885)	(4,161)	(4,477)
	$ 209,133	$ 152,268	$ 122,241

(1) Revenues by operating segment includes intercompany transactions, which are eliminated in corporate and eliminations.

(dollars in thousands)	Fiscal 2009	2008	2007
Gross profit			
Services	$ 48,480	$ 36,301	$ 26,436
Products and Systems	8,476	8,829	7,377
International	12,602	9,932	8,634
Corporate and eliminations	(292)	(231)	(574)
	$ 69,266	$ 54,831	$ 41,873

(dollars in thousands)	Fiscal 2009	2008	2007
Income from operations			
Services	$ 13,681	$ 14,649	$ 8,299
Products and Systems	1,664	2,723	2,640
International	4,091	2,408	2,146
Corporate and eliminations	(4,611)	(3,422)	(2,348)
	$ 14,825	$ 16,358	$ 10,737

(dollars in thousands)	Fiscal 2009	2008	2007
Depreciation and amortization			
Services	$ 10,603	$ 9,529	$ 7,101
Products and Systems	1,038	1,017	926
International	900	861	760
Corporate and eliminations	95	16	(96)
	$ 12,636	$ 11,423	$ 8,691

Segment results for fiscal 2009, 2008 and 2007

Segment discussions that follow provide supplemental information regarding the significant factors contributing to the changes in results for each of our business segments.

Services segment

Revenues. Over the last three years, the largest increase in our total revenues was from our Services segment. Our segment revenues had a CAGR of 36.9% during this period with annual increases in fiscal 2009, 2008 and 2007 of $51.5, $25.2 and $25.4 million, respectively. As a percentage of prior year segment revenues, these increases represent 44.4%, 27.7% and 38.9%. Our organic growth in this segment has averaged approximately 23% a year over this three-year period. In fiscal 2009, the organic growth in our Services segment was estimated to be approximately 16%. On average, over the past three fiscal years, customers in the oil and gas industry accounted for 58.9% of the business of our Services segment and in fiscal 2009 customers in the oil and gas industry accounted for 62.2% of the segment revenues, primarily due to a new project that we obtained with an existing customer. The three-year CAGR from this target market has been 41.1%. We also have double digit CAGRs in most of our other target markets due to strong demand, the addition of new customers and revenues from existing customers. We continue to increase our revenues by providing existing customers different types of asset protection solutions.

In fiscal 2009, our Services revenues increased $51.5 million, or 44.4%, compared to fiscal 2008. We estimate $33.6 million of these revenues are from acquisitions compared to $7.3 million in the prior year. The balance of the growth came from several new projects as well as from other overall growth in the segment. We did experience some slowing in our revenue growth because

of the economic downturn, especially in our third and fourth fiscal quarters. We attribute this to an uncertain economy, a customer bankruptcy, and threatened strikes by employees of several customer refineries that were subsequently resolved. In addition, many of our customers postponed holiday turnaround projects and other large-scale projects until later this calendar year or next; therefore, unlike most prior years, we did not have many large scale turnarounds in fiscal 2009. Our customers have historically seldom postponed these types of projects indefinitely, so we expect our revenues may be increased in future periods when our customers ask us to complete projects that they postponed in fiscal 2009. In addition, in September 2008 our operations in the Gulf Coast region were disrupted by Hurricane Ike.

In fiscal 2008, our Services revenues increased $25.2 million, or 27.7%, compared to fiscal 2007. The increase was largely driven by an increase in the overall customer demand for our asset protection solutions, including a large project, and to a lesser extent, revenues from businesses we acquired. We estimate that our organic growth rate in our Services segment revenues in fiscal 2008 was approximately 20%.

Our top ten customers accounted for approximately 44%, 45% and 50% of our Services segment revenues during fiscal 2009, 2008 and 2007, respectively. As previously noted, one of our top ten customers in this segment had filed for bankruptcy in January 2009. Revenues from this customer represented 3.8% of revenues in our Services segment for fiscal 2009, and we believe our relationship with this customer will continue.

Gross profit. During this three-year period, gross profit as a percentage of revenues in our Services segment has been 28.9%, 31.3% and 29.1% for fiscal 2009, 2008 and 2007, respectively. Cost of our Services has been 66.7%, 63.7% and 66.8% during the same periods. Depreciation included in the determination of gross profit has been 4.3%, 5.0% and 4.1%. We continued to invest in additional field test equipment and fleet vehicles, which generate depreciation expense, to support our growth and reduce other operating costs, such as repairs and maintenance.

Our gross profit for fiscal 2009 was $48.5 million, or $12.2 million greater than the prior year. The percentage decrease in gross profit in fiscal 2009 was caused by higher amounts of non-billable time that represented either development of new centers of excellence and training or represented lost billing opportunities related to the economic downturn. Several of our customers extended holiday shut-downs or delayed scheduled work, requiring us to pay our employees without any corresponding revenues. As we expected, several of our recently acquired businesses that are highly seasonal had lower margins than those normally achieved under our business model. Finally, Hurricane Ike negatively impacted our margins in the Gulf Coast as we lost revenues and incurred higher costs related to non-productive labor. In fiscal 2009, our depreciation increased $1.4 million or 24.8% and represents both new assets acquired and increased depreciation from our acquired businesses.

In fiscal 2008, our gross profit in our Services segment increased by $9.9 million to $36.3 million from $26.4 million in the previous fiscal year. As a percentage of segment revenues, our gross profit increased to 31.3% from 29.1% in fiscal 2007. Contributing to the increase were increased revenues, higher sales prices and a reduction in workers' compensation costs due to favorable claim experience. The adjustment for our workers' compensation costs recorded in our fourth fiscal quarter improved our fiscal 2008 segment gross profit by 1.0%. The impact of these positive factors was reduced by increased personnel costs, an unusually large mid-year project that yielded minimal gross profit and additional depreciation. Depreciation expense of

$5.8 million, or 5.0%, of segment revenues in fiscal 2008, increased from $3.8 million, or 4.1%, of segment revenues in fiscal 2007, due to continued investment.

The increased depreciation expense in fiscal 2008 over fiscal 2007 of $2.0 million was primarily a full year charge for assets purchased in 2007 which incurred only a partial year depreciation expense in 2007. In addition, part of the increase was attributed to assets acquired through our acquisitions.

Income from operations. As a percentage of segment revenues, our income from operations was 8.2%, 12.6% and 9.1% in fiscal 2009, 2008 and 2007, respectively.

Our segment income from operations was $13.7 million, $14.6 million and $8.3 million for fiscal 2009, 2008 and 2007, respectively. Selling, general and administrative expenses in our Services segment for fiscal 2009, 2008 and 2007 were 17.5%, 15.5% and 16.3% of segment revenues, respectively.

In fiscal 2009, our higher cost of revenues, along with the additional $1.6 million allowance for doubtful accounts for a customer bankruptcy and a $2.1 million legal settlement, were the primary causes of the decrease in operating margin. Selling, general and administrative expenses in our Services segment for fiscal 2009 compared to fiscal 2008 increased $11.4 million, or 63.6%. In addition to a $2.0 million increase in our allowance for doubtful accounts, major increases in these expenses included approximately $6.0 million related to higher operating costs (primarily payroll expense and a corresponding increase in occupancy costs for rents and utilities) supporting our acquisitions. In addition, we hired new management and other personnel, and invested in new training, safety and quality programs to support new customer offerings and infrastructure, and we estimate this additional compensation and other expense accounted for another $1.5 million of the increase. Other expense increases for travel, lab support, supplies and other miscellaneous increases comprised the balance or $1.9 million of the net increase. Depreciation and amortization expense used in determining income from operations was $3.3 million, or 2.0% of revenues and $3.7 million, or 3.2% of revenues for fiscal 2009 and fiscal 2008, respectively.

In fiscal 2008, these expenses increased by $3.1 million, or 21.2%. Over $2.4 million related to higher operating costs (primarily payroll expense) supporting our acquisitions. The remainder included increased bonus payments to our managers for improved performance.

Products and Systems segment

Revenues. The Products and Systems segment also experienced growth in their revenues in the last three years. Revenues were $17.3 million, $16.7 million and $14.9 million for fiscal 2009, 2008 and 2007, respectively. In fiscal 2009, 2008 and 2007, the segment revenue growth was 3.8%, 11.8% and 11.9%, respectively, a CAGR of 9.1% overall. The largest customer for this segment is our International segment, which remarkets our products, or, to a lesser extent, uses the products in their field testing and engineering services. Other larger markets representing 20-29% of segment revenues have been other test and research laboratories and industrial companies, including aerospace companies. In addition, our oil and gas and fossil and nuclear power markets account for a similar amount of business on an annual basis.

In fiscal 2009, our Products and Systems revenues increased $0.6 million compared to fiscal 2008 due to increases across many of our product lines, including our acoustic emission and vibration systems, as well as on-line monitoring systems. In addition, shipments to our North America, or

NAFTA, customers' international subsidiaries increased $1.6 million compared to the same period last year because of increased demand, primarily for our AE products and systems. Offsetting these increases in revenues was a $1.1 million decrease in revenues from direct sales to third-party international customers as compared to fiscal 2008, when the segment had a large system sale to such a customer. In this segment we had no concentration risk from any single customer since our largest customer represents less than 4.0% of our segment revenues.

The $1.8 million increase in our fiscal 2008 segment revenues resulted primarily from approximately $1.4 million in sales from new product introductions, including a line of handheld testing equipment and acoustic emission sensing devices. The remainder of the increase was attributable to approximately $0.4 million in product sales to our international customers.

Gross profit. Our segment gross profit for fiscal 2009, 2008 and 2007 was $8.5 million, $8.8 million and $7.4 million, respectively. Our segment gross profit as a percentage of revenues for the same three years was 49.0%, 52.9% and 49.5%, respectively. Depreciation expense used in determining gross profit for fiscal 2009, fiscal 2008 and fiscal 2007 was $0.8 million, or 4.9% of revenues, $0.7 million, or 4.3% of revenues, and $0.7 million, or 4.8% of revenues, respectively. The gross profit in this segment can fluctuate depending on volume and product mix. For example, our ultrasonic NDT solutions require more product engineering and large components are fabricated at a lower margin.

For the majority of fiscal 2009, our segment gross margin was higher than the previous year. However, segment revenues in the fourth quarter of the year were 11.6% below the same quarter in fiscal 2008 due to the economic downturn, which reduced our margins for all of fiscal 2009. This was primarily due to our customers delaying or canceling sales orders, though requests for proposals from our customers remained at reasonable levels throughout the quarter.

In fiscal 2008, our gross margin in this segment benefited from engineering billed to our international subsidiary required on our sensor highway systems, which was a new product introduced that year on a large infrastructure project. This increase was partly offset due to a higher than average cost of revenues associated with the delay of a large order while we continued to incur our fixed costs.

Income from operations. Our segment income from operations for fiscal 2009, 2008 and 2007 was $1.7 million, $2.7 million and $2.6 million, respectively. As a percentage of segment revenues, our operating income was 9.6%, 16.3% and 17.7% in fiscal 2009, 2008 and 2007, respectively. In fiscal 2009, as a percentage of segment revenues, our segment income from operations decreased because of the items noted above in the discussion of our segment gross profit for fiscal 2009. We believe that with the recent addition of our Group Executive Vice President of Marketing and Sales and other hires, as well as new opportunities in public infrastructure and on-line monitoring, this trend will improve.

Segment selling, general and administrative expenses, which after gross profit, are the largest determinant of our income from operations in fiscal 2009, 2008 and 2007, were $5.4 million, or 31.0% of revenues, $4.8 million, or 29.0% of revenues, and $3.8 million, or 25.7% of revenues, respectively. The largest increase in these costs, particularly in the last two fiscal years, can be attributed to increases in our sales force to better capture market opportunities in our target markets. Due to the time required for technical training of new sales personnel, we believe the financial benefit of these new hires have not yet matched our investment. Similarly, our research and engineering expenses have increased as a result of new hires, and were $1.3 million,

$0.9 million and $0.7 million in fiscal 2009, 2008 and 2007, respectively. As a percentage of our Products and Systems segment sales, these costs have represented 7.3%, 5.7% and 4.7% for the three years, respectively.

International segment

Revenues. Our International segment revenues for fiscal 2009, 2008 and 2007 have been $29.2 million, $23.7 million and $20.9 million, respectively, and are subject to currency fluctuations. For the last three fiscal years, the segment revenues, including currency fluctuations, had a CAGR of 18.2%, with annual increases of 22.9%, 13.3% and 18.4% during fiscal 2009, 2008 and 2007, respectively. We estimate the organic segment growth during the past three years to be approximately 27% (2009), 6% (2008) and 11% (2007). Revenues from customers in the oil and gas and chemicals markets have historically comprised over 50% of our segment revenues. Most of this business is centered in major oil refineries in Russia and Brazil. Other revenues are more widely distributed including industrial, manufacturing and other testing companies, research centers and universities.

Our International segment contributed $5.4 million to our revenue growth for fiscal 2009 compared to fiscal 2008. For fiscal 2009, we estimate the organic segment growth was approximately 27% and acquisition segment growth was approximately 9%. Currency fluctuations compared to fiscal year 2008 resulted in 12.1% less segment revenues. The overall decrease caused by the strengthening of the dollar was $2.9 million, most of this variance occurring in the last half of the year. As with our other segments, we estimate that our organic segment growth slowed in the third and fourth fiscal quarters, but was still approximately 7% in our fourth fiscal quarter. $2.2 million of our growth was from a new project for a refinery in Russia and $1.2 million was from the United Kingdom and The Netherlands, where a portion of the growth was attributable to an acquisition of a company specializing in tank inspections. All of our other foreign locations in this segment also had positive growth of revenues.

During fiscal 2008 and fiscal 2007, the U.S. dollar was generally weaker compared to most of the currencies of countries in which our international subsidiaries operate. As a result, the translation of the amounts of non-dollar-denominated transactions into dollars resulted in increases to all line items in our statement of operations, which account for a portion of the increases as noted below.

In fiscal 2008, revenues in our International segment increased $2.8 million, or 13.3%, over our segment revenues in fiscal 2007, primarily as a result of a $1.4 million increase in revenues associated with our operations in the United Kingdom and The Netherlands and a $1.4 million increase in revenues from our South American operations. Approximately $1.6 million of the increase in segment revenues in fiscal 2008 were attributable to the weaker U.S. dollar. The remainder of the increase was due in part to the sale of our new sensor highway products in the United Kingdom and The Netherlands as well as increased business in the oil and gas markets in South America. We had minor decreases in segment revenues attributable to customers in Russia and France, but these were offset by translation gains caused by the exchange rate.

Gross profit. Our segment gross profit margin was 43.2%, 41.9% and 41.2% in fiscal 2009, fiscal 2008 and fiscal 2007, respectively. Although fairly consistent on an annual basis, quarterly results can vary based on sales mix, seasonality, currency and other factors. In the second half of fiscal

2009, our segment gross margin was 37.3%, which included a 2.4% customer sales allowance. For the entire year, our gross profit in this segment was $12.6 million.

In fiscal 2008, the gross profit in our International segment was $9.9 million, or 41.9% of segment revenues, compared to $8.6 million, or 41.2% of segment revenues, in fiscal 2007. Although our segment gross profit in fiscal 2008 increased over fiscal 2007, the amount of the increase was offset by additional costs related to project delays incurred to support customization of new products introduced for a bridge monitoring project. In addition, our overall gross profit margin was impacted by the increase as a percentage of total revenues of revenues attributable to customers in South America where we performed traditional NDT services with a lower gross profit margin.

Income from operations. Our income from operations from our International segment for fiscal 2009, 2008 and 2007 was $4.1 million, $2.4 million and $2.1 million, respectively. As a percentage of segment revenues, our income from operations was 14.0%, 10.1% and 10.3% in fiscal 2009, 2008 and 2007, respectively. Our segment selling, general and administrative expenses, the largest factor in determining income from operations for fiscal 2009, 2008 and 2007 were $8.0 million, or 27.6% of segment revenues, $6.8 million, or 28.6% of segment revenues, and $5.9 million, or 28.0% of segment revenues, respectively. In fiscal 2009, currency fluctuation was more impactful than in previous years because our segment expenses were approximately $1.0 million lower than the local currency equivalent. The overall increase from fiscal 2008 is attributable to new segment expenses related to an acquisition made in Holland and additional hires and training costs in our South American operation. Foreign currency transaction gains and losses included in income from operations were $0.2 million in fiscal 2009 and were not significant in fiscal 2008.

Corporate and eliminations

The elimination in revenues and cost of revenues primarily relates to the accounting elimination of revenues from sales of our Products and Systems segment to the International segment. The other major item in the corporate and eliminations grouping are the general and administrative costs not allocated to the other segments. These costs primarily include those for non-segment management, accounting and auditing, acquisition transactional costs and stock compensation expense and certain other costs. As a percentage of our total revenues, these costs have generally remained constant over the last three fiscal years, consisting of 2.1%, 2.2% and 1.6% of total revenues for fiscal 2009, 2008 and 2007, respectively. The increase in operating expenses in 2009 and 2008 primarily related to higher compensation and additional staff, audit and accounting fees and other general increases in expense at our corporate offices.

Quarterly results of operations

The following table sets forth our unaudited quarterly statements of operations data and operations data as a percent of revenues for the eight fiscal quarters ended May 31, 2009. The unaudited quarterly information, in our opinion, reflects all adjustments, consisting of normal accruals, necessary for a fair statement of the data for each of those quarters. This data should be read in conjunction with the financial statements and the related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for any future period.

Fiscal quarter ending (dollars in thousands)	May 31 2009(1)	February 28, 2009(1)	November 30, 2008(2)	August 31, 2008	May 31 2008(3)	February 29, 2008	November 30, 2007	August 31, 2007
Revenues	$ 55,860	$ 47,001	$ 59,275	$ 46,997	$ 48,023	$ 37,167	$ 37,218	$ 29,860
Cost of revenues	35,358	31,607	35,676	28,526	26,885	24,527	21,917	17,261
Depreciation	2,490	2,290	2,061	1,859	2,108	1,661	1,569	1,509
Gross profit	18,012	13,104	21,538	16,612	19,030	10,979	13,732	11,090
Selling, general and administrative expenses	12,640	12,110	11,325	11,075	9,240	8,182	7,956	7,565
Research and engineering	345	317	309	284	263	228	243	220
Depreciation and amortization	819	891	798	1,428	1,487	1,057	1,001	1,031
Legal settlement	(40)	89	1,915	136	—	—	—	—
Income from operations	4,248	(303)	7,191	3,689	8,040	1,512	4,532	2,274
Net income (loss)	$ 1,502	$ (788)	$ 3,235	$ 1,517	$ 4,291	$ 540	$ 1,934	$ 674

(1) In the fiscal quarters ended February 28, 2009 and May 31, 2009, we estimated the bad debt expense related to a large customer who filed bankruptcy. The expense provision made was $1.2 million and $0.4 million in these quarters, respectively. There is another $0.7 million which we believe will be collectible.

(2) In the fiscal quarter ended November 30, 2008, we first estimated the legal expense associated with a class action lawsuit. This item has been settled and payments made to the class in June 2009.

(3) In the fiscal quarter ended May 31, 2008, we adjusted our estimate for losses and expenses under our workers' compensation policies as a result of favorable loss experience. This adjustment resulted in a favorable impact on the quarter's gross profit and operating income of approximately $1.0 million and represents 2.1% of revenues.

Liquidity and capital resources

Overview

We have primarily funded our operations through the issuance of preferred stock in a series of financings, bank borrowings, capital lease financing transactions and cash provided from operations. We have used these proceeds to fund our operations, develop our technology, expand our sales and marketing efforts to new markets and acquire small companies or assets, primarily to add certified technicians and enhance our capabilities and geographic reach. We believe that our existing cash and cash equivalents, our anticipated cash flows from operating activities, borrowings under our credit agreement and the net proceeds from this offering will be sufficient to meet our anticipated cash needs over the next 12 months.

Cash flows table

The following table summarizes our cash flows for fiscal 2009, 2008 and 2007:

Fiscal year (dollars in thousands)	2009	2008	2007
Net cash provided by (used in):			
Operating activities	$ 12,661	$ 12,851	$ 14,006
Investing activities	(15,888)	(19,446)	(4,259)
Financing activities	4,912	6,320	(8,122)
Effect of exchange rate changes on cash	428	63	166
Net change in cash and cash equivalents	$ 2,113	$ (212)	$ 1,791

Cash flows from operating activities

Cash provided by our operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation and amortization, deferred taxes and bad debt expense and the effect of changes in working capital and other activities.

Cash provided by our operating activities in fiscal 2009 was $12.7 million and consisted of $5.5 million of net income plus $15.4 million of non-cash items, consisting primarily of depreciation and amortization of $12.6 million and provision for doubtful accounts of $2.1 million, less $8.2 million of net cash used for working capital purposes and other activities. Cash used for working capital and other activities in fiscal 2009 primarily reflected a $8.8 million increase in accounts receivable attributable to our increase in revenues, a $1.1 million increase in prepaid expenses and other current assets due to an increase in estimated tax payments and a decrease in accounts payable of $2.2 million due primarily to the timing of payments to vendors. These were partially offset by a $6.0 million increase in accrued expenses and other current liabilities due to a $2.1 million accrual in connection with our fiscal 2009 legal settlement and the overall growth in our operations.

Cash provided by our operating activities in fiscal 2008 was $12.9 million and consisted of $7.4 million of net income plus $13.0 million of non-cash items, consisting primarily of depreciation and amortization of $11.4 million, less $7.6 million of net cash used for working capital purposes and other activities. Cash used for working capital and other activities in fiscal 2008 primarily reflected a $9.2 million increase in accounts receivable and a $1.8 million increase in inventories attributable to our seasonal increase in revenues and a $1.0 million increase in other expenses related to the preparation and filing of our S-1 registration statement in connection with this offering. These increases were partially offset by a $6.3 million increase in accounts payable and accrued expenses as our operations continued to grow, and a $0.1 million increase in our income taxes payable due to our increased profitability.

Cash provided by operating activities in fiscal 2007 was $14.0 million and consisted of $5.4 million of net income plus $8.9 million of non-cash items, consisting primarily of $8.7 million of depreciation and amortization, less $0.3 million of cash used to support changes in operating assets and liabilities. In addition to depreciation and amortization, the adjustments to cash included a non-cash credit of $1.3 million due to the release of the deferred tax valuation allowance. The $0.3 million in net cash used to support operating assets and liabilities primarily reflected a $2.3 million net increase in our accounts receivable offset by increases in our

accounts payable and accrued expenses as our operations continued to grow. Cash was also provided by a $1.2 million increase in income taxes payable due to our improved profitability. A total of $0.9 million of cash was used for a variety of items, including purchases of inventories and other assets.

Cash flows from investing activities

Cash used in investing activities for fiscal 2009 was $15.9 million of which $10.5 million was used to acquire four services businesses and one international business. In connection with the acquisitions, we also incurred $9.3 million of seller notes payable and related obligations. Additionally, in fiscal 2009 we acquired $12.9 million in property and equipment, of which $5.4 million were cash purchases and $7.5 million were acquired through capital leases.

For fiscal 2008, cash used in investing activities was $19.4 million, of which $15.5 million was used to acquire seven services businesses and $3.7 million in property and equipment. In connection with the acquisitions, we also incurred $12.9 million of seller notes payable and related obligations. In addition, $5.0 million of property and equipment was acquired through capital lease obligations.

Cash used in investing activities was $4.3 million for fiscal 2007. Cash purchases for property and equipment for fiscal 2007 was $2.6 million. Cash spent for acquisitions in fiscal 2007 was $2.0 million. All of these expenditures support our growth or specific customer projects and opportunities.

Cash flows from financing activities

For fiscal 2009, cash provided from financing activities was $4.9 million, which included $20.0 million in borrowings from long-term debt to finance five acquisitions and net borrowings of $2.4 million from our revolving credit facility to fund operations. During fiscal 2009 we made $12.3 million and $4.8 million in principal repayments on our long-term debt and capital leases, respectively. During fiscal 2009, we refinanced our existing term loan and revolver with a new credit facility comprised of a $25.0 million term loan and $55.0 million revolver, a portion of which ($2.0 million U.S. dollar equivalent) will be available to be borrowed in Canadian dollars. The proceeds were used to repay the outstanding indebtedness of our prior credit agreement and to fund two acquisitions that closed after the end of fiscal 2009.

For fiscal 2008 cash provided from financing activities was $6.3 million. In fiscal 2008, we used our revolving credit facility to borrow $13.1 million to finance a portion of the purchase prices of the seven acquisitions noted above. During fiscal 2008, we also paid obligations under our capital leases and bank debt of $3.6 million and $3.2 million, respectively. Subsequent to year end, we amended our credit agreement to provide for an additional $20.0 million term loan facility from our lenders that we used to repay the borrowing under our revolving credit facility.

Cash flows used in financing activities in fiscal 2007 were $8.1 million and consisted primarily of net repayments to our banks and other note holders of $5.3 million and another $2.4 million repayment of capital lease obligations. On October 31, 2006, as subsequently amended and restated on April 23, 2007 and further amended on December 14, 2007, May 30, 2007 and July 1, 2008, we entered into our credit agreement, which initially provided for a $15.0 million revolving credit facility and a $25.0 million term loan facility. The proceeds from the senior credit facility were used to repay the outstanding indebtedness under our prior credit and term loans.

Effect of exchange rate on changes in cash

For fiscal 2009, 2008 and 2007, exchange rate changes increased our cash by $0.4 million, $0.1 million and $0.2 million, respectively.

Cash balance and credit facility borrowings

As of May 31, 2009 we had $5.7 million in cash and $4.5 million available to us under our former secured revolving credit facility. At May 31, 2009, our former credit agreement provided for two term loans in the amount of $25.0 million ("2007 term loan") and $20.0 million ("2008 term loan") and a $20 million secured revolving credit facility ("revolver"). The aggregate principal amount owed under the term loans and the revolving credit facility was $36.3 million and $15.5 million, respectively, as of May 31, 2009. Borrowings under this credit agreement accrued interest at either the prime rate (3.25% at May 31, 2009) or the LIBOR rate (0.32% at May 31, 2009), plus an applicable margin of 1.5% to 2.3% as defined in the agreement. The outstanding principal and accrued interest under the 2007 term loan and the revolver were to mature on October 31, 2012. The 2008 term loan was to mature on June 27, 2014.

As of May 31, 2009 we were not in compliance with the following two covenants in our former credit agreement: (1) the requirement that we maintain a minimum debt service coverage ratio, as described below, of at least 1.10 to 1.00, and (2) the requirement that we not create, incur, assume or allow to exist more than a total of $10 million of any indebtedness in respect of capital leases, synthetic lease obligations (as defined in our former credit agreement) and purchase money obligations for certain fixed or capital assets ("limited indebtedness"). On July 22, 2009 our former credit agreement was amended, effective as of May 31, 2009, to decrease the minimum debt service coverage ratio to 1.05 to 1.00, and effective as of August 31, 2007, to increase the maximum limited indebtedness to $22 million, so that we were treated as being in compliance with these two covenants during all reporting periods after August 31, 2007.

On July 22, 2009, in connection with the refinancing of our former credit facility, we entered into our current credit agreement with Bank of America, N.A., JPMorgan Chase Bank, N.A., TD Bank, N.A. and Capital One, N.A., which provided for a $25.0 million term loan and a $55.0 million secured revolving credit facility. Borrowings under our credit agreement currently bear interest at the LIBOR or base rate, at our option, plus an applicable margin ranging from 0% to 3.25% and a market disruption increase of between 0.0% and 1.0%, if the lenders determine it applicable. The outstanding principal and accrued interest under the term loan matures on July 21, 2012. Borrowings made under the revolving credit facility are payable at the same time. There is a provision in our credit facility that requires us to repay 25% of the immediately preceding fiscal year's "free cash flow" if our ratio of "funded debt" to EBITDA, as defined in our credit agreement, is less than a fixed amount on or before October 1 each year. "Free cash flow" means the sum of EBITDA, as defined in our credit agreement, minus all taxes paid or payable in cash, minus cash interest paid, minus all capital expenditures made in cash, minus all scheduled and non-scheduled principal payments on funded debt made in the period and plus or minus changes in working capital. "Funded debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities. We do not expect to be required to make payments under this provision.

Our credit agreement also contains financial and other covenants limiting our ability to, among other things, create liens, make investments and certain capital expenditures, incur more

indebtedness, merge or consolidate, acquire other companies, make dispositions of property, pay dividends and make distributions to stockholders, enter into a new line of business, enter into transactions with affiliates and enter into burdensome agreements.

Our credit agreement also contains financial covenants that require us to maintain the following:

- a minimum EBITDA, as defined in our credit agreement, of $37.5 million in fiscal 2010, $40 million in fiscal 2011 and $45 million in fiscal 2012;
- a minimum debt service coverage ratio, or the ratio of: (A) EBITDA, as defined in our credit agreement, less cash taxes, dividends, cash distributions, withdrawals and other distributions paid or made, to (B) the sum of: (i) the current portion of long-term liabilities, including any conditional payments due under any earn-out agreements deemed due and owing, (ii) the current portion of capitalized lease obligations, and (iii) interest expense on all obligations repaid, in each case, during the preceding 12 months, of at least 1.10 to 1.0 in fiscal 2010, at least 1.15 to 1.0 in fiscal 2011, at least 1.20 to 1.0 in fiscal 2012; and,
- a funded debt leverage ratio, or the ratio of: (A) all outstanding liabilities for borrowed money and other interest-bearing liabilities, including current and long term liabilities, other than the capitalized lease on our headquarters, to (B) EBITDA, as defined in our credit agreement, not exceeding: 3.0 to 1.0 during the first and second quarters of fiscal 2010, 2.5 to 1.0 in the third and fourth quarters of fiscal 2010 and in the first quarter of fiscal 2011, or 2.25 to 1.0 in the second quarter of fiscal 2011 and thereafter.

EBITDA, as defined in our credit agreement, means, for any period: (A) our net income less (B) our income (or plus loss) from discontinued operations and extraordinary items, plus (C) income tax expenses, plus (D) interest expense, plus (E) depreciation, deletion and amortization (including non-cash loss on retirement of assets), plus (F) stock option expense, less (G) cash expense related to stock options, plus (H) certain amounts as a result of our completion of acquisitions after the date of our credit agreement, plus (I) up to $2.1 million for amounts we expended settling a specific lawsuit, plus (J) amounts expended by us in connection with this offering, plus (K) amounts expended by us in connection with negotiating and closing the initial borrowings under our credit agreement, all as adjusted for certain historical expenses, accounting adjustments and other non-cash charges, subject to the approval of certain of our lenders.

Future sources of cash

We expect our future sources of cash to include cash flow from operations, cash borrowed under our revolving credit facility and cash borrowed from leasing companies to purchase equipment and fleet service vehicles. Our revolving credit facility is available for cash advances required for working capital and letters of credit to support our operations. To meet our short- and long-term liquidity requirements, we expect primarily to rely on cash generated from our operating activities. We are currently funding our acquisitions through our available cash, borrowings under our revolving credit facility and seller notes.

Future uses of cash

We expect our future uses of cash will primarily be for acquisitions, international expansion, purchases or manufacture of field testing equipment to support growth, additional investments

in technology and software products and the replacement of existing assets and equipment used in our operations. We often make purchases to support new sources of revenues, particularly in our Services segment, but generally only do so with a high degree of certainty about related customer orders and pricing. In addition, we have a certain amount of replacement equipment, including our fleet vehicles. We historically spend approximately 5% to 6% of our total revenues on capital expenditures, excluding acquisitions, and will fund this through a combination of cash and lease financing. Our cash capital expenditures, excluding acquisitions, for fiscal 2009, 2008 and 2007 were 2.6%, 2.4% and 2.1% of revenues, respectively.

Our anticipated acquisitions may also require capital. In some cases, additional equipment will be needed to upgrade the capabilities of these acquired companies. We believe that after this offering, our future acquisition and capital spending will increase as we aggressively pursue growth opportunities. Other investments in infrastructure, training and software may also be required to match our growth, but we plan to continue using a disciplined approach to building our business. In addition, we will use cash to fund our operating leases, capital leases and long-term debt repayment and various other obligations, including the commitments discussed in the table below, as they arise.

We will also use cash to support our working capital requirements for our operations, particularly in the event of further growth and due to the impacts of seasonality on our business. Our future working capital requirements will depend on many factors, including the rate of our revenue growth, our introduction of new solutions and enhancements to existing solutions and our expansion of sales and marketing and product development activities. To the extent that our cash and cash equivalents, cash flows from operating activities and net proceeds of this offering are insufficient to fund our future activities, we may need to raise additional funds through bank credit arrangements or public or private equity or debt financings. We also may need to raise additional funds in the event we determine in the future to effect one or more acquisitions of businesses, technologies or products that will complement our existing operations. In the event additional funding is required, we may not be able to obtain bank credit arrangements or effect an equity or debt financing on terms acceptable to us or at all.

We may also use cash in connection with legal proceedings and claims which arise in the ordinary course of business. We paid approximately $1.8 million in fiscal 2010 related to our fiscal 2009 legal settlement.

Contractual obligations

We generally do not enter into long-term minimum purchase commitments. Our principal commitments, in addition to those related to our long-term debt discussed below, consist of obligations under facility leases for office space and equipment leases.

The following table summarizes our outstanding contractual obligations as of May 31, 2009 and has been adjusted to reflect the revised principal payments under our new debt facility entered into on July 22, 2009:

		Payments due by period					
(in thousands)	Total	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Beyond fiscal 2015
Long-term debt	$ 66,251	$ 11,181	$ 12,288	$ 11,501	$ 30,425	$ 184	$ 672
Capital lease obligations(1)	16,269	5,773	4,661	3,078	1,495	963	299
Operating lease obligations	6,736	2,113	1,605	1,153	958	637	270
Total	$ 89,256	$ 19,067	$ 18,554	$ 15,732	$ 32,878	$ 1,784	$ 1,241

(1) Includes estimated cash interest to be paid over the remaining terms of the leases.

In addition to the above, we have certain contingent payments possibly payable in connection with our acquisitions.

Off-balance sheet arrangements

During fiscal 2009, 2008 and 2007, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Effects of inflation and changing prices

Our results of operations and financial condition have not been significantly affected by inflation and changing prices.

Quantitative and qualitative disclosures about market risk

Interest rate sensitivity

We had cash and cash equivalents of $5.7 million at May 31, 2009. These amounts are held for working capital purposes and were invested primarily in deposits, money market funds and short-term, interest-bearing, investment-grade securities. In addition, some of the net proceeds of this offering may be invested in short-term, interest-bearing, investment-grade securities pending their application. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, will reduce future investment income. If overall interest rates had fallen by 10% in fiscal 2009, our interest income would not have been materially affected.

We had $36.3 million of debt outstanding under our term loan facility at May 31, 2009. Although the interest rate on our term loan facility is variable and adjusts periodically, it is currently based on the 30-day LIBOR rate (0.32% at May 31, 2009). If the LIBOR rate fluctuated

by 10% for the year ending May 31, 2009, interest expense in fiscal 2009 would have fluctuated by approximately $38,000.

We use interest rate swaps to manage our floating interest rate exposure. In 2007, we entered into two interest rate swap contracts whereby we would receive or pay an amount equal to the difference between a fixed rate and the quoted 90-day LIBOR rate on a quarterly basis. At May 31, 2009, the following outlines the significant terms of the contracts and the amount we will pay above our contractual rates.

Contract date	Term	Notional amount	Variable interest rate	Fixed interest rate	Fair value 2009	Fair value 2008
		(in thousands)				(in thousands)
November 20, 2006	4 years	$ 8,000	LIBOR	5.17%	$ (517)	$ (321)
November 30, 2006	3 years	8,000	LIBOR	5.05%	(199)	(234)
		$ 16,000			$ (716)	$ (555)

Foreign currency risk

We have foreign currency exposure related to our operations in foreign locations. This foreign currency exposure, particularly the Euro, British Pound Sterling, Brazilian Real, Russian Ruble, Japanese Yen, Canadian Dollar and the Indian Rupee, arises primarily from the translation of our foreign subsidiaries' financial statements into U.S. dollars. For example, a portion of our annual sales and operating costs are denominated in British pound sterling and we have exposure related to sales and operating costs increasing or decreasing based on changes in currency exchange rates. If the U.S. dollar increases in value against these foreign currencies, the value in U.S. dollars of the assets and liabilities originally recorded in these foreign currencies will decrease. Conversely, if the U.S. dollar decreases in value against these foreign currencies, the value in U.S. dollars of the assets and liabilities originally recorded in these foreign currencies will increase. Thus, increases and decreases in the value of the U.S. dollar relative to these foreign currencies have a direct impact on the value in U.S. dollars of our foreign currency denominated assets and liabilities, even if the value of these items has not changed in their original currency. We do not currently enter into forward exchange contracts to hedge exposures denominated in foreign currencies. A 10% change in the average U.S. dollar exchange rates for fiscal 2009 would cause a change in consolidated operating income of approximately $0.4 million. We may consider entering into hedging or forward exchange contracts in the future.

Fair value of financial instruments

We do not have material exposure to market risk with respect to investments, as our investments consist primarily of highly liquid investments purchased with a remaining maturity of three months or less. We do not use derivative financial instruments for speculative or trading purposes; however, this does not preclude our adoption of specific hedging strategies in the future.

Critical accounting estimates

The preparation of financial statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Our more significant estimates include: the valuation of goodwill and intangible assets; the impairment of long-lived assets, allowances for doubtful accounts; foreign currency translation; derivative financial instruments; reserves for self-insured workers compensation and health benefits; and deferred income tax valuation allowances. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ significantly from these estimates under different assumptions or conditions. There have been no material changes to these estimates for the periods presented in this prospectus.

We believe that of our significant accounting policies, which are described below and in Note 2 to our audited consolidated financial statements included in this prospectus, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Accounts receivable

Accounts receivable are stated net of an allowance for doubtful accounts and sales allowances. Outstanding accounts receivable balances are reviewed periodically, and allowances are provided at such time as management believes it is probable that such balances will not be collected within a reasonable period of time. We extend credit to our customers based upon credit evaluations in the normal course of business, primarily with 30-day terms. Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible. The allowance for doubtful accounts was $3.3 million and $1.3 million as of May 31, 2009 and 2008, respectively. The May 31, 2009 allowance includes approximately $1.6 million related to pre-petition accounts receivable of a large customer that filed a bankruptcy petition under Chapter 11 during fiscal 2009. This represents 67% of the customer's outstanding pre-petition accounts receivable as of May 31, 2009. The outstanding pre-petition accounts receivable with this customer not included in our allowance as of May 31, 2009 was approximately $0.8 million. We currently do not believe there are any other outcomes with regard to our assumptions that are reasonably likely to occur that would have a material impact on our fiscal 2009 and 2008 financial statements.

Foreign currency translation

The financial position and results of operations of our foreign subsidiaries are measured using the local currency as the functional currency. There are a total of eight foreign subsidiaries operating in a currency other than the U.S. dollar. Assets and liabilities of the foreign subsidiaries are translated into the U.S. dollar at the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate during the year. Translation gains and losses not included in earnings are reported in accumulated other comprehensive income within stockholders' equity. Foreign currency transaction gains and losses are included in net income (loss), and were $0.2 million in fiscal 2009 and not significant in fiscal 2008 and

2007. We are at risk for changes in foreign currencies relative to the U.S. dollar. See “Quantitative and qualitative disclosures about market risk—Foreign currency risk.” We currently do not believe there are other outcomes that are reasonably likely to occur with regard to our translation process that would have a material impact on our fiscal 2009 and 2008 financial statements.

Long-lived assets outside of the U.S. totaled $11.1 million and $3.0 million as of May 31, 2009 and 2008, respectively.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair market value of net assets of the acquired business at the date of acquisition. We test for impairment annually in our fiscal fourth quarter using a two-step process. The first step identifies potential impairment by comparing the fair value of our reporting units to their carrying value. If the fair value is less than the carrying value, the second step measures the amount of impairment, if any. The impairment loss is the amount by which the carrying amount of goodwill exceeds the implied fair value of that goodwill. The reporting units are determined in accordance with SFAS No. 131 *Disclosures about Segments of an Enterprise and Related Information* and SFAS No. 142 *Goodwill and Other Intangibles*. We have concluded that our reporting units are the Services Segment and Physical Acoustics LTD., a division within the International Segment. The fair value of the reporting unit is determined using an income approach valuation model, specifically discounted cash flows. Our discounted cash flow analysis incorporates the following key assumptions: growth projections, our weighted average costs of capital, future capital expenditures and tax rates. There have been no significant changes in the assumptions and methodologies used for valuing goodwill since the prior year. There was $38.6 million and $28.6 million of goodwill at May 31, 2009 and 2008, respectively. The fair value of our reporting units materially exceeds the carrying value for fiscal 2009 and 2008. Accordingly, there have been no impairments of goodwill. None of the reporting units were at risk for impairment in fiscal 2009. A material negative change in our key assumptions would need to occur for our step one tests to indicate an impairment. Intangible assets are recorded at cost. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives.

Impairment of long-lived assets

We review the recoverability of our long-lived assets on a periodic basis in order to identify business conditions that may indicate a possible impairment. Business conditions that indicate a possible impairment, among others, include decreases in market prices of long-lived assets, an adverse change in our business that could affect the value of long-lived assets and a projection of operating cash flow losses associated with the use of long-lived assets. We have evaluated the business conditions that may indicate a potential impairment and concluded that our asset groups are not at risk for impairment in fiscal 2009 and 2008. A material negative change in business conditions would need to occur for our assessment to indicate impairment. When indicators of impairment are present, the assessment for potential impairment is based primarily on our ability to recover the carrying value of our long-lived assets from expected future undiscounted cash flows. Our analysis includes the future cash flows (based on our internal projections) directly associated with our asset groups, excludes interest charges, is based on all available evidence regarding the use of the asset groups and covers the remaining useful life of the asset groups. Our asset groups are determined in accordance with SFAS No. 144 Accounting

for the Impairment or Disposal of Long-Lived Assets and include the divisions within our Services, Products and Systems and International Segments. Corporate long-lived assets are not independent of the cash flows of other assets and liabilities of other asset groups. Accordingly, the analysis of our corporate asset group includes the assets and liabilities of the consolidated entity. If the total expected future undiscounted cash flows are less than the carrying amount of the assets, a loss is recognized for the difference between fair value (computed based upon the expected future discounted cash flows) and the carrying value of the assets. Our long lived assets are comprised primarily of property, plant and equipment. We had $33.6 million and $26.5 million in net property, plant and equipment as of May 31, 2009 and 2008, respectively, and did not record any impairment charges in the two fiscal years ended on those dates.

Derivative financial instruments

We recognize our derivatives as either assets or liabilities, and measure those instruments at fair value and recognize the changes in fair value of the derivative in net income or other comprehensive income, as appropriate. We hedge a portion of our variable rate interest payments on debt using interest rate swap contracts to convert variable payments into fixed payments. We do not apply hedge accounting to our interest rate swap contracts. Changes in the fair value of these instruments are reported as a component of interest expense. Derivative liabilities were $0.7 million and $0.6 million at May 31, 2009 and 2008, respectively. We are at risk for changes in interest rates. See “Quantitative and qualitative disclosures about market risk — Interest rate sensitivity.” We currently do not believe there are other outcomes that are reasonably likely to occur with regard to our derivative financial instruments that would have a material impact on our fiscal 2009 and 2008 financial statements.

Income taxes

Income taxes are accounted for under the asset and liability method. This process requires that we estimate our income taxes in each of the jurisdictions in which we operate and estimate actual current tax payable and related tax expense together with assessing temporary differences resulting from differing treatment of certain items, such as depreciation, for tax and accounting purposes. Deferred income tax assets and liabilities are recognized based on the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided if it is more likely than not that some or all of the deferred income tax assets will not be realized. We consider all available evidence, both positive and negative, to determine whether, based on the weight of the evidence, a valuation allowance is needed. Evidence used includes information about our current financial position and our results of operations for the current and preceding years, as well as all currently available information about future years, including our anticipated future performance, the reversal of deferred tax liabilities and tax planning strategies. As of May 31, 2009, we had net deferred income taxes of $0.4 million. We believe that it is more likely than not that we will have sufficient future taxable income to allow us to realize the benefits of the net deferred tax assets. We currently do not believe there are other outcomes that are reasonably likely to occur with regard to income taxes that would have a material impact on our fiscal 2009 and 2008 financial statements.

Recent accounting pronouncements

SFAS No. 141R. In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R) which replaces SFAS 141, Business Combinations (SFAS 141). SFAS 141R applies to all business combinations, including combinations among mutual entities and combinations by contract alone. SFAS 141R requires that all business combinations will be accounted for by applying the acquisition method. This standard will significantly change the accounting for business combinations both during the period of the acquisition and in subsequent periods. Among the more significant changes in the accounting for acquisitions are the following:

- In-process research and development (IPR&D) will be accounted for as an asset, with the cost recognized as research and development is realized or abandoned. IPR&D is presently expensed at the time of the acquisition.
- Assets acquired or liabilities assumed in a business combination that arise from a contingency will be measured at fair value at acquisition date if the fair value can be determined during the measurement period.
- Decreases in valuation allowances on acquired deferred tax assets will be recognized in operations. Such changes were considered to be subsequent changes in consideration and were recorded as decreases in goodwill.
- Transaction costs will generally be expensed. Certain such costs are presently treated as costs of the acquisition.

SFAS 141R is effective for business combinations consummated in periods beginning on or after December 15, 2008. Early application is prohibited. We will adopt SFAS 141R on June 1, 2009 and the effects will depend on future acquisitions. In the fourth quarter of fiscal year 2009, we expensed $150 of direct costs related to business combinations that were in process but not completed by the effective date of SFAS 141R.

SFAS No. 160. In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160), an amendment of ARB No. 51, which will change the accounting and reporting related to noncontrolling interests. SFAS 160, which is effective for fiscal years and interim periods beginning on or after December 15, 2008, requires that ownership interests in the subsidiaries held by parties other than the parent be presented in the consolidated balance sheet with equity and the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated income statement. Additionally, the statement requires that changes in a parent's ownership interest in a subsidiary be accounted for as an equity transaction. We will adopt SFAS 160 on June 1, 2009 and, accordingly, minority interest in the accompanying consolidated balance sheets will be reclassified to equity. Earnings attributable to minority interests will be included in net income although such earnings will continue to be deducted to measure earnings per share.

SFAS No. 161. In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS 161). SFAS 161 is intended to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, financial performance and cash flows through enhanced disclosure requirements. SFAS 161 is effective for

financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with earlier adoption encouraged. We will adopt SFAS 161 on June 1, 2009.

SFAS No. 165. In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued and is effective for interim and annual periods ending after June 15, 2009. We do not anticipate the adoption of SFAS 165 on June 1, 2009 will have a material effect on our results of operations, financial position or cash flows.

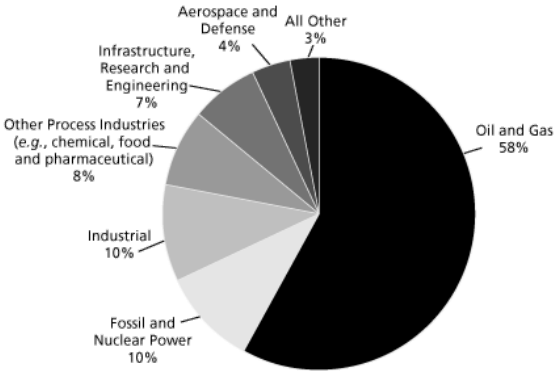
SFAS No. 167. In June 2009, the FASB issued SFAS No. 167, *Amendment to FASB Interpretation No. 46(R)* ("SFAS 167") which amends Interpretation 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS 167 is effective for interim and annual reporting periods that begin after November 15, 2009. We do not expect adoption of SFAS 167 in fiscal year 2010 to have a material effect on our results of operations, financial position or cash flows as we do not have any variable interest entities.

Business

Our business

We are a leading global provider of technology-enabled asset protection solutions used to evaluate the structural integrity of critical energy, industrial and public infrastructure. We combine industry-leading products and technologies, expertise in mechanical integrity (MI) and non-destructive testing (NDT) services and proprietary data analysis software to deliver a comprehensive portfolio of customized solutions, ranging from routine inspections to complex, plant-wide asset integrity assessments and management. These mission critical solutions enhance our customers' ability to extend the useful life of their assets, increase productivity, minimize repair costs, comply with governmental safety and environmental regulations, manage risk and avoid catastrophic disasters. Given the role our services play in ensuring the safe and efficient operation of infrastructure, we have historically provided a majority of our services to our customers on a regular, recurring basis. We serve a global customer base of companies with asset-intensive infrastructure, including companies in the oil and gas, fossil and nuclear power, public infrastructure, chemicals, aerospace and defense, transportation, primary metals and metalworking, pharmaceuticals and food processing industries. As of August 1, 2009, we had approximately 2,000 employees, including 29 Ph.D.'s and more than 100 other degreed engineers and highly-skilled, certified technicians, in 68 offices across 15 countries. We have established long-term relationships as a critical solutions provider to many of the leading companies in our target markets. The following chart represents revenues we generated in certain of our end markets for fiscal 2009.

Mistras revenues by end market (fiscal 2009)



Our asset protection solutions have evolved over time as we have combined the disciplines of NDT, MI services and data analysis software to provide value to our customers. The foundation of our business is NDT, which is the examination of assets without impacting the future usefulness or impairing the integrity of these assets. The ability to inspect infrastructure assets and not interfere with their operating performance makes NDT a highly attractive alternative to many traditional intrusive inspection techniques, which may require dismantling equipment or shutting down a plant, refinery, mill or site. Our MI services are a systematic engineering-based approach to developing best practices for ensuring the on-going integrity and safety of equipment and industrial facilities. MI services involve conducting an inventory of infrastructure assets, developing and implementing inspection and maintenance procedures, training personnel in executing these procedures and managing inspections, testing and assessments of customer assets. By assisting customers in implementing MI programs we enable them to identify gaps between existing and desired practices, find and track deficiencies and degradations to be corrected and establish quality assurance standards for fabrication, engineering and installation of infrastructure assets. We believe our MI services improve plant safety and reliability and regulatory compliance, and in so doing reduce maintenance costs. Our solutions also incorporate comprehensive data analysis from our proprietary asset protection software to provide customers with detailed, integrated and cost-effective solutions that rate the risks of alternative maintenance approaches and recommend actions in accordance with consensus industry codes and standards.

As a global asset protection leader, we provide a comprehensive range of solutions that includes:

- traditional outsourced NDT services conducted by our technicians, mechanical integrity assessments, above-ground storage tank inspection and American Petroleum Institute visual inspections and predictive maintenance program development;
- advanced asset protection solutions, in most cases involving proprietary AE, digital radiography, infrared, wireless and/or automated ultrasonic sensors, which are operated by our highly trained technicians;
- a proprietary and customized portfolio of software products for testing and analyzing data captured in real-time by our technicians and sensors, including advanced features such as pattern recognition and neural networks;
- enterprise software and relational databases to store and analyze inspection data comparing to prior operations and testing of similar assets, industrial standards and specific risk conditions, such as use with highly flammable or corrosive materials, and developing asset integrity management plans based on risk-based inspection that specify an optimal schedule for the testing, maintenance and retirement of assets; and
- on-line monitoring systems that provide for secure web-based remote or on-site asset inspection, real-time reports about and analysis of plant or enterprise-wide structural integrity data, comparison of integrity data to our library of historical inspection data and analysis to better assess structural integrity and provide alerts for and prioritize future inspections and maintenance.

We offer our customers either a customized package of services, products and systems or our enterprise software and other niche products on a stand-alone basis. For example, customers can purchase most of our sensors and accompanying software to integrate with their own

systems, or they can purchase a complete turn-key solution, including our installation, monitoring and assessment services. Importantly, however, we do not sell certain of our advanced and proprietary software and other products as stand-alone offerings; instead, we embed them in our comprehensive service offerings to protect our investment in intellectual property while providing a substantial source of recurring revenues.

We generated revenues of $209.1 million, $152.3 million and $122.2 million and adjusted EBITDA of $31.1 million, $28.1 million and $19.2 million for fiscal 2009, 2008 and 2007, respectively. For fiscal 2009, we generated over 80% of our revenues from our Services segment. Our revenues are diversified, with our top 10 customers accounting for 35.8%, 35.2% and 38.6% of our revenues during fiscal 2009, 2008 and 2007, respectively. We provide our asset protection solutions to multiple divisions, locations and business units of major refineries across the globe. Our largest such customer accounted for 17.1%, 16.8% and 16.5% of our revenues for fiscal 2009, 2008 and 2007, respectively. No other customer accounted for more than 5.0% of our revenues during fiscal 2009, 2008 or 2007.

Asset protection industry overview

Asset protection is a large and rapidly growing industry that consists of NDT inspection, MI services and inspection data warehousing and analysis. NDT plays a crucial role in assuring the operational and structural integrity of critical infrastructure without compromising the usefulness of the tested materials or equipment. The evolution of NDT services, in combination with broader industry trends, including increased asset utilization and aging of infrastructure, the desire by companies to extend the useful life of their existing infrastructure, new construction projects, enhanced government regulation and the shortage of certified NDT professionals have made NDT an integral and increasingly outsourced part of many asset-intensive industries. Well-publicized industrial and public infrastructure failures and accidents have also raised the level of awareness of regulators, as well as owners and operators, of the benefits that asset protection can provide.

Historically, NDT solutions predominantly used qualitative testing methods aimed primarily at detecting defects in the tested materials. This methodology, which we categorize as “traditional NDT,” is typically labor intensive and, as a result, considerably dependent upon the availability and skill level of the engineers and scientists performing the inspection services. The traditional NDT market is highly fragmented, with a significant number of small vendors providing inspection services to divisions of companies or local governments situated in close proximity to the vendor’s field inspection engineers and scientists. Today, we believe that customers are increasingly looking for a single vendor capable of providing a wider spectrum of asset protection solutions for their global infrastructure. This shift in underlying demand, which began in the early 1990s, has contributed to a transition from traditional NDT solutions to more advanced solutions that employ automated digital sensor technologies and accompanying enterprise software, allowing for the effective capture, storage, analysis and reporting of inspection and engineering results electronically and in digital formats. These advanced techniques, taken together with advances in wired and wireless communication and information technologies, have further enabled the development of remote monitoring systems, asset-management and predictive maintenance capabilities and other data analytics and management. We believe that as advanced asset protection solutions continue to gain acceptance among asset-intensive organizations, only those vendors offering broad, complete and integrated solutions, scalable operations and a global footprint will have a distinct competitive advantage. Moreover, we believe that vendors that are able to effectively deliver both advanced

solutions and data analytics, by virtue of their ownership of customers' data, develop a significant barrier to entry for competitors, and so develop the capability to create significant recurring revenues.

We believe the following represent key dynamics driving the growth of the asset protection industry:

- *Extending the Useful Life of Aging Infrastructure.* The prohibitive cost and challenge of building new infrastructure has resulted in the significant aging of existing infrastructure and caused companies to seek ways to extend the useful life of existing assets. For example, due to the significant cost associated with constructing new refineries, stringent environmental regulations which have increased the costs of managing them and difficulty in finding suitable locations on which to build them, no new refineries have been constructed in the United States since 1976. Because aging infrastructure requires relatively higher levels of maintenance and repair in comparison to new infrastructure, as well as more frequent, extensive and ongoing testing, companies and public authorities are increasing spending to ensure the operational and structural integrity of existing infrastructure.
- *Outsourcing of Non-Core Activities and Technical Resource Constraints.* While some of our customers have historically performed NDT services in-house, the increasing sophistication and automation of NDT programs, together with a decreasing supply of skilled professionals and stricter governmental regulations, has led many companies and public authorities to outsource NDT to providers that have the necessary technical product portfolio, engineering expertise, technical workforce and proven track record of results-oriented performance to effectively meet their increasing requirements.
- *Increasing Asset and Capacity Utilization.* Due to high energy prices, high repair and replacement costs and the limited construction of new infrastructure, existing infrastructure in some of our target markets is being used at higher capacities, causing increased stress and fatigue that accelerate deterioration. These higher prices and costs also motivate our customers to complete repairs, maintenance, replacements and upgrades more quickly. For example, increasing demand for refined petroleum products, combined with high plant utilization rates routinely in excess of 85%, is driving refineries to upgrade facilities to make them more efficient and expand capacity. In order to sustain high capacity utilization rates, customers are increasingly using asset protection solutions to efficiently ensure the integrity and safety of their assets. Implementation of asset protection solutions can also lead to increased productivity as a result of reduced maintenance-related downtime.
- *Increasing Corrosion from Low-Quality Inputs.* High commodities prices and increasing energy demands have led to the use of lower grade inputs and feedstock, such as low-grade coal or petroleum, in the refinery and power generation processes. These lower grade inputs can rapidly corrode the infrastructure they come into contact with, which in turn increases the need for asset protection solutions to identify such corrosion and enable infrastructure owners to proactively combat the problems caused by such corrosion.
- *Increasing Use of Advanced Materials.* Customers in our target markets are increasingly utilizing advanced materials, such as composites, and other unique technologies in the manufacturing and construction of new infrastructure and aerospace applications. As a result, they require advanced testing, assessment and maintenance technologies to protect these assets, since many of these advanced materials cannot be tested using traditional NDT techniques. We believe that demand for NDT solutions will increase as companies and public

authorities continue to use these advanced materials, not only during the operating phase of the lifecycle of their assets, but also during the design and construction phases by incorporating technologies such as embedded sensors.

- *Meeting Safety Regulations.* Owners and operators of infrastructure assets increasingly face strict government regulations and safety requirements. Failure to meet these standards can result in significant financial liabilities, increased scrutiny by OSHA and other regulators, higher insurance premiums and tarnished corporate brand value. The numerous failings in equipment, maintenance and inspection that led to the Texas City refinery explosion in 2005 created significant damage to the reputation of refineries and led OSHA to strengthen process safety enforcement standards. As a result, these owners and operators are seeking highly reliable asset protection suppliers with a proven track record of providing asset protection services, products and systems to assist them in meeting these increasingly stringent regulations.
- *Expanding Addressable End-Markets.* Advances in NDT sensor technology and asset protection software systems, and the continued emergence of new technologies, are creating increased demand for asset protection solutions in applications where existing techniques were previously ineffective. Further, we expect increased demand in relatively new markets, such as the pharmaceutical and food processing industries, where infrastructure is only now aging to a point where significant maintenance is required.
- *Expanding Addressable Geographies.* We believe that a substantial driver of incremental demand will come from international markets, including Asia, Europe and Latin America. Specifically, as companies and governments in these markets build and maintain infrastructure and applications that require the use of asset protection solutions, we believe demand for our solutions will increase.

We believe that the market available to us will continue to grow rapidly as a result of macro-market trends, including aging infrastructure, use of more advanced materials, such as composites, and the increasing outsourcing of asset protection solutions by companies who historically performed these services using internal resources.

Our target markets

We focus our sales, marketing and product development efforts on a range of infrastructure-intensive industries and governmental authorities. With our portfolio of asset protection services, products and systems, we can effectively serve our customer base throughout the lifecycle of their assets, beginning at the design stage, through the construction and maintenance phase and, as necessary, through the decommissioning of their infrastructure.

Our target markets include:

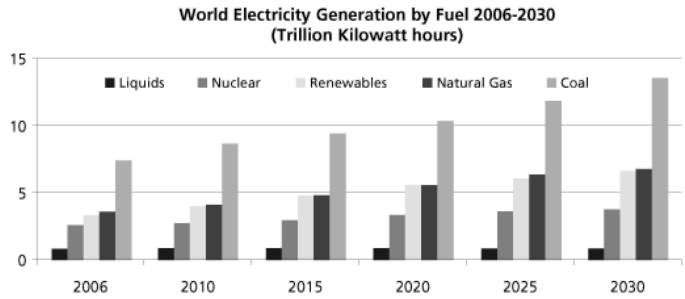
Oil and gas

According to the United States Energy Information Administration (EIA), in 2008 coal, oil and gas supplied approximately 80% of global primary energy demand. In addition, there were 700 crude oil refineries in the world, with 153 of them in North America. High energy prices are driving consistently high utilization rates at these facilities. With aging infrastructure and growing capacity constraints, asset protection continues to grow as an indispensable tool in maintenance planning, quality control and prevention of catastrophic failure in refineries and

petrochemical plants. Recent high oil and fossil fuel input prices have placed additional pressure on industry participants to increase capacity, focus on production efficiency and cost reductions and shorten shut-down time or "turnarounds." Asset protection solutions are used for both off-stream inspections, or inspection when the tested infrastructure is shut-down, and increasingly, on-stream inspections, or inspection when the tested infrastructure is operating at normal levels. While we expect off-stream inspection of vessels and piping during a plant shut-down or turnaround to remain a routine practice by companies in these industries, we expect the areas of greatest future growth to occur as a result of on-stream inspections and monitoring of facilities, such as offshore platforms, transport systems and oil and gas transmission lines, because of the substantial opportunity costs of shutting them down. On-stream inspection enables companies to avoid the costs associated with shutdowns during testing while enabling the economic and safety advantages of advanced planning or predictive maintenance.

Traditional power generation and transmission

Asset protection in the power industry has traditionally been associated with the inspection of high-energy, critical steam piping, boilers, rotating equipment, utility aerial man-lift devices, large transformer testing and various other applications for nuclear and fossil-fuel based power plants. We believe that in recent years the use of asset protection solutions have grown rapidly in this industry due to the aging of critical power generation and transmission infrastructure. For instance, the average age of a nuclear power plant in the United States is over 30 years. Furthermore, global demand for power generation and transmission has grown rapidly and is expected to continue, primarily as a result of the energy needs of emerging economies such as China and India. The chart below is from the U.S. Government Energy Information Administration and their estimate of this growth by kilowatt hours.



- *Nuclear.* For the year ended December 31, 2007, U.S. commercial nuclear reactors operated at a capacity utilization rate of approximately 92%. We believe that the need to sustain these high utilization rates, while also maintaining a high degree of safety, will result in increased spending on testing, on-line monitoring and maintenance of these assets. Industrial Information Resources projected that maintenance spending on the North American reactor fleet will exceed $800 million in 2008. The current U.S. administration is proposing a reduction of CO_2 emissions to 1990 levels by 2020, with a further 80% reduction by 2050. Meeting these aggressive goals while gradually increasing the overall energy supply requires that all non-emitting technologies must be advanced. A December 2008 Electric Power Research Institute

(EPRI) study called the PRISM analysis defines a possible technology mix within the electricity sector that would help achieve a comparable goal. In it, nuclear generation rises 20% from current levels by 2020 and nearly 200% by 2050.

Globally, there were 436 nuclear reactors in operation as of June 30, 2009 with 47 additional reactors under construction. 55% of these reactors are more than 15 years old. As of August 2009, there are currently 104 sites licensed by the U.S. Nuclear Regulatory Commission, and since 2007, there have been 22 applications for additional sites. We believe it will be increasingly important to provide asset protection solutions to the global nuclear power industry in order to prevent potentially catastrophic events and help the nuclear industry optimize availability and safety of their assets.

- *Fossil.* The fossil fuel power generation market consists of facilities that burn coal, natural gas or oil to produce electricity. These facilities operate at high capacity levels and can incur productivity loss if a shutdown is required. As a result, there is a significant demand for continual testing and maintenance of these facilities and their assets. In addition, to meet growing electricity demand, fossil power generation companies are increasing capital spending for capacity expansions and new facility construction. In 2009, the EIA reported that there are over 80 fossil power stations proposed for construction in the United States.
- *Wind.* Wind power has reached critical mass, with wind installations in the United States alone increasing by 8.5MW, or 50%, in 2008. It is estimated that growth in 2009 will continue to accelerate. There is significant demand for on-line condition monitoring for wind turbines, because their three critical components, or the main bearing, gearbox and generator, need to be fully operational at all times for a turbine to work efficiently and safely. Failure of a gearbox on a single wind turbine rated at 1.5MW can cost up to $350,000 to replace, which justifies the use of preventative maintenance monitoring and services for units both in and out of warranty. Our asset protection solutions are also being used in the research, design and development of the composite based wind turbine blades to improve their structural integrity and efficiency and are being applied to inspect the structural integrity of the tower and base.

Other Process Industries

The process industries, or industries in which raw materials are treated or prepared in a series of stages, include chemicals, pharmaceuticals, food processing and paper and pulp. Three process industries that we focus our efforts on are described below.

- *Chemicals.* As with oil and gas processing facilities, chemical processing facilities require significant spending on maintenance and monitoring. The average cost of plant construction for chemical assets has increased substantially (plant construction costs for processing of certain chemical assets have doubled in the past 10 years), which we believe creates a more concentrated focus on asset protection solutions to limit further capital costs. Additionally, growing chemical end-markets continue to put strain on existing plants. Given their aging infrastructure, growing capacity constraints and increasing capital costs, we believe asset protection solutions continue to grow in importance in maintenance planning, quality and cost control and prevention of catastrophic failure in the chemicals industry.
- *Pharmaceuticals and food processing.* Although the pharmaceuticals and food processing industries have historically not employed asset protection solutions as much as other industries, we believe that in the future these industries will increasingly use asset protection solutions throughout their manufacturing and other processes. Because these industries use

equipment, structures, facilities and other infrastructure similar to those of many of our other target markets, and these assets have reached an age where structural failures are becoming a significant risk we are seeing an increasing demand from those companies looking to protect their existing investments and avoid costly maintenance repairs and revenue losses due to process or manufacturing line shutdowns. In addition, advanced NDT is more effective than traditional NDT solutions when testing the principal alloys and materials used in these industries' infrastructure assets.

Public infrastructure

We believe that high profile infrastructure catastrophes, such as the collapse of the I-35W bridge in Minneapolis, have caused public authorities to more actively seek ways to prevent similar events from occurring. Public authorities tasked with the construction of new, and maintenance of existing, public infrastructure, including bridges and highways, increasingly use asset protection solutions to test and inspect these assets. Importantly, these authorities now employ asset protection solutions throughout the life of these assets, from their original design and construction, with the use of embedded sensing devices to enable on-line monitoring, through ongoing maintenance requirements.

Aerospace and defense

The operational safety, reliability, structural integrity and maintenance of aircraft and associated products is critical to the aerospace and defense industries. Industry participants increasingly use asset protection solutions to perform inspections upon delivery, and also periodically employ asset protection solutions during the operational service of aircraft, using advanced ultrasonic immersion systems or digital radiography in order to precisely detect structural defects. Industry participants also use asset protection solutions for the inspection of advanced composites found in new classes of aircraft, ultrasonic fatigue testing of complete aircraft structures, corrosion detection and on-board monitoring of landing gear and other critical components. We expect increased demand for our solutions from the aerospace industry to result from wider use of advanced composites and distributed on-line sensor networks and other embedded analytical applications built into the structure of assets to enable real-time performance monitoring and condition-based maintenance.

Transportation

The use of asset protection solutions within the transportation industry is primarily focused in the automotive and rail segments. Within the automotive segment, manufacturers use asset protection solutions throughout the entire design and development process, including the inspection of raw material inputs, during in-process manufacturing and, finally, during end-product testing and analysis. Although asset protection technologies have been utilized in the automobile industry for a number of decades, we believe growth in the segment will increase as automobile manufacturers begin to outsource their asset protection requirements and take advantage of new technologies that enable them to more thoroughly inspect their products throughout the manufacturing process, reduce costs and shorten time to market. Within the rail segment, asset protection solutions are used primarily to test rails and passenger and tank cars.

Primary metals and metalworking

The quality control requirements driven by the low defect tolerance within automated, robotic intensive metalwork industries, such as screw machining, serve as key drivers for the recent growth of NDT technologies, such as ultrasonics and radiography. We expect that increasingly stringent quality control requirements and competitive forces will drive the demand for more costly finishing and polishing which, in turn, will promote greater use of NDT throughout the production lifecycle.

Our competitive strengths

We believe the following competitive strengths contribute to our being a leading provider of asset protection solutions and will allow us to further capitalize on growth opportunities in our industry:

- *Single Source Provider for Asset Protection Solutions Worldwide.* We believe we are the only company with a comprehensive portfolio of proprietary and integrated asset protection solutions, including services, products and systems worldwide, which positions us to be the leading single source provider for a customer's asset protection requirements. Through our network of 68 offices and independent representatives in 15 countries around the world, we offer an extensive portfolio of solutions that enables our customers to consolidate all their inspection requirements and the associated data storage and analytics on a single system that spans the customers' entire enterprise. This allows our customers to more effectively manage their asset portfolio, plan asset maintenance based on predictive analytics rather than simple scheduled routines and track their assets globally, thereby enhancing asset productivity and utilization while minimizing the administrative costs of having multiple vendors. In addition, collaboration between our services teams and product design engineers generates enhancements to our services, products and systems, which provide a source of competitive advantage compared to companies that provide only NDT services or NDT products.
- *Long-Standing Trusted Provider to a Diversified and Growing Customer Base.* By providing critical and reliable NDT services, products and systems for more than 30 years and expanding our asset protection solutions, we have become a trusted partner to a large and growing customer base across numerous infrastructure-intensive industries globally. Our customers include some of the largest and most well-recognized firms in the oil and gas, chemical, fossil and nuclear power, aerospace and defense industries as well as the largest public authorities. Seven of our top 10 customers by fiscal 2009 revenues have used our solutions for at least 10 years. We leverage our strong relationships to sell additional solutions to our existing customers while also attracting new customers. As asset protection is increasingly recognized by our customers as a strategic advantage, we believe our reputation and history of successful execution are key competitive differentiators.
- *Repository of Customer-Specific Inspection Data.* Our enterprise software solutions enable us to capture and store our customers' testing and inspection data in a centralized database. As a result, we have accumulated large amounts of proprietary information that allows us to provide our customers with value-added services, such as benchmarking, predictive maintenance, inspection scheduling, data analytics and regulatory compliance. We believe our ability to provide these customized products and services, along with the high cost of switching to an alternative vendor, provide us with significant competitive advantages.

- *Proprietary Products, Software and Technology Packages.* We have developed systems that have become the cornerstone of several unique NDT applications, such as those used for the testing of pressure vessels (the MONPAC technology package) or above-ground storage tanks (the TANKPAC technology package). These proprietary products allow us to efficiently and effectively provide unique solutions to our customers' complex applications, resulting in a significant competitive advantage. In addition to the proprietary products and systems that we sell to customers on a stand-alone basis, we also develop a range of proprietary sensors, instruments, systems and software used exclusively by our Services segment.
- *Deep Domain Knowledge and Extensive Industry Experience.* We are an industry leader in developing advanced asset protection solutions, including acoustic emission (AE) testing for non-intrusive on-line monitoring of storage tanks and pressure vessels, bridges and transformers, portable corrosion mapping, ultrasonic testing (UT) systems, on-line plant asset integrity management with sensor fusion, enterprise software solutions for plant-wide and fleet-wide inspection data archiving and management, advanced and thick composites inspection and ultrasonic phased array inspection of thick wall boilers. In addition, many of the members of our team have been instrumental in developing the testing standards followed by international standards-setting bodies, such as the American Society of Non-Destructive Testing and comparable associations in other countries. The scientists and engineers on our research and development team developed many of the advanced NDT technologies we use in our business, including portable corrosion mapping UT systems, enterprise software solutions for plant-wide and fleet-wide inspection data archiving and management, and non-intrusive above-ground tank testing.
- *Collaborating with Our Customers.* Our asset protection solutions have historically been designed in response to our customers' unique performance specifications and are supported by our proprietary technologies. Our sales and engineering teams work closely with our customers' research and design staff during the design phase of our products in order to incorporate our products into specified infrastructure projects, as well as with facilities maintenance personnel to ensure that we are able to provide the asset protection solutions necessary to meet these customers' changing demands. As a result, we believe that our close, collaborative relationships with our customers provide us a significant competitive advantage.
- *Experienced Management Team.* Our management team has a track record of leadership in NDT, averaging over 20 years experience in the industry. These individuals also have extensive experience in growing businesses organically and in acquiring and integrating companies, which we believe is important to facilitate future growth in the fragmented asset protection industry. In addition, our senior managers are supported by highly experienced project managers who are responsible for delivering our solutions to customers.

Our growth strategy

Our growth strategy emphasizes the following key elements:

- *Continue to Develop Technology-Enabled Asset Protection Services, Products and Systems.* We intend to maintain and enhance our technological leadership by continuing to invest in the internal development of new services, products and systems. Our highly trained team of Ph.D.'s, engineers and highly-skilled, certified technicians have been instrumental in developing numerous significant asset protection standards, and we believe their knowledge base will

enable us to innovate a wide range of new asset protection solutions more rapidly than our competition.

- *Increase Revenues from Our Existing Customers.* Many of our customers are multinational corporations with asset protection requirements from multiple divisions at multiple locations across the globe. Currently, we capture a relatively small portion of their overall expenditures on these solutions. We believe our superior services, products and systems, combined with the trend of outsourcing asset protection solutions to a small number of trusted service providers, positions us to significantly expand both the number of divisions and locations that we serve as well as the types of solutions we provide. We strive to be the preferred global partner for our customers and aim to become the single source provider for their asset protection solution requirements.
- *Add New Customers in Existing Target Markets.* Our current customer base represents a small fraction of the total number of companies in our target markets with asset protection requirements. Our scale, scope of products and services and expertise in creating technology-enabled solutions have allowed us to build a reputation for high-quality and has increased customer awareness about us and our asset protection solutions. We intend to leverage our reputation and solutions offerings to win new customers within our existing target markets, especially as asset protection solutions are adopted internationally. We intend to continue to leverage our competitive strengths to win new business as customers in our existing target markets continue to seek a single source and trusted provider of advanced asset protection solutions.
- *Expand Our Customer Base into New End Markets.* We believe we have significant opportunities to rapidly expand our customer base in relatively new end markets, including the maritime shipping, wind turbine and other alternative energy and natural gas transportation industries and the market for public infrastructure, such as highways and bridges. The expansion of our addressable markets is being driven by the increased recognition and adoption of asset protection services, products and systems, and new NDT technologies enabling further applications in industries such as healthcare and compressed and liquefied natural gas transportation, and the aging of infrastructure, such as construction and loading cranes and ports, to the point where visual inspection has proven inadequate and new asset protection solutions are required. We expect to continue to expand our global sales organization, grow our inspection data management and data mining services and find new high-value applications, such as embedding our sensor technology in assembly lines for electronics and distributed sensor networks for aerospace applications. As companies in these emerging end markets realize the benefits of our asset protection solutions, we expect to expand our leadership position by addressing customer needs and winning new business.
- *Continue to Capitalize on Acquisitions.* We intend to continue employing a disciplined acquisition strategy to broaden, complement and enhance our product and service offerings, add new customers and certified personnel, expand our sales channels, supplement our internal development efforts and accelerate our expected growth. We believe the market for asset protection solutions is highly fragmented with a large number of potential acquisition opportunities. We have a proven ability to integrate complementary businesses, as demonstrated by the success of our past acquisitions, which have often contributed entirely new products and services that have added significantly to our revenues and profitability. In addition, we have begun to offer and sell our advanced asset protection solutions to customers of companies we acquired that had previously relied on traditional NDT solutions.

Importantly, we believe we have improved the operational performance and profitability of our acquired businesses by successfully integrating and selling a comprehensive suite of solutions to the customers of these acquired businesses.

Our solutions

We provide comprehensive asset protection solutions to a diverse customer base. We combine the strengths of our proprietary products, industry expertise, a suite of software solutions and our highly skilled and experienced technicians and engineers to deliver a broad set of inspection, engineering and information technology services that address the complex business challenges faced by our customers. Depending on the requirements of our customers, we can provide them our software and other products on a stand-alone basis or as a complete end-to-end solution consisting of sensor products, services and software. Importantly, as part of our solutions, we are increasingly providing on-line asset monitoring and management software enabling our customers to have real-time access to and assess the structural health of their infrastructure.

Our services

We provide a range of testing and inspection services to a diversified customer base across energy-related, industrial and public infrastructure industries. We either deploy our services directly at the customer's location or through our own extensive network of field testing facilities. Our global footprint allows us to provide asset protection solutions through local offices in close proximity to our customers, permitting us to keep response time to a minimum, while maximizing our ability to develop meaningful, collaborative customer relationships. Examples of our comprehensive portfolio of services include: testing components of new construction as they are built or assembled, providing corrosion monitoring data to help customers determine whether to repair or retire infrastructure, providing material analysis to ensure the integrity of infrastructure components and supplying non-invasive on-stream techniques that enable our customers to pinpoint potential problem areas prior to failure. In addition, we also provide services to assist in the planning and scheduling of resources for repairs and maintenance activities. Our experienced inspection professionals perform these services, which are supported by our advanced proprietary software and hardware products.

Traditional NDT services

Our certified personnel provide a range of traditional inspection services. For example, our visual inspectors provide comprehensive assessments of the condition of our customers' plant equipment during capital construction projects and maintenance shutdowns. Of the broad set of traditional NDT techniques that we provide, several lend themselves to integration with our other offerings and often serve as the initial entry point to more advanced customer engagements. For example, we provide a comprehensive program for the inspection of above-ground storage tanks designed to meet stringent industry standards for the inspection, repair, alteration and reconstruction of oil and petrochemical storage tanks. This program includes magnetic flux exclusion for the rapid detection of floor plate corrosion, advanced ultrasonic systems and leak detection of floor defects, remote ultrasonic crawlers for shell and roof inspections and trained, certified inspectors for visual inspection and documentation.

Advanced NDT services

In addition to traditional NDT services, we provide a broad range of proprietary advanced NDT services that we offer on a stand-alone basis or in combination with software solutions such as our proprietary enterprise plant condition monitoring software and systems (PCMS). We also provide on-line monitoring capabilities and other solutions that enable the delivery of accurate and real-time information to our customers. Our advanced NDT services require more complex equipment and more skilled inspection professionals to operate this equipment and interpret test results. Some of the technologies they use include:

- Automated ultrasonic testing
- Guided ultrasonic long wave testing
- Infrared thermography
- Phased array ultrasonic testing
- Acoustic emission testing
- Wireless data acquisition
- On-line plant asset integrity monitoring
- Risk-based inspection
- Digital radiography
- Sensor fusion

Examples of our advanced NDT techniques include the following:

- *Automated Ultrasonic Phased Array Inspection.* We primarily use this technique to inspect welded areas during large capital construction and maintenance projects to determine whether the welds can withstand anticipated operating conditions, such as high pressures or temperatures. This technique employs an automated mobile scanner to obtain structural ultrasonic inspection data from multiple angles and locations. The principal competing technique is radiographic inspection, which generally impedes or requires the construction or maintenance work to be halted during the inspection. By using ultrasonic phased array inspection, our customers can continue to weld while our inspections are taking place, which shortens downtime during maintenance projects and accelerates the completion of construction projects.
- *Guided Ultrasonic Long Wave Testing.* We typically use this technique to locate corrosion or metal loss in large volumes of piping. It allows us to inspect a long continuous section of piping from one location and follow up with further inspections on problem areas, as compared to more costly and time-intensive methods which require inspections at multiple locations along the same section of pipe. It also allows us to inspect the entire pipe body, enabling us to identify a larger percentage of flaws as compared to traditional techniques that inspect only a small portion of pipe walls.
- *Advanced Infrared Inspection.* We generally employ this technique in place of ultrasonic inspections of large operating systems, such as boilers in industrial power plants, which rely on scans of sample areas of the system to test their integrity rather than a scan of the entire system. Traditional infrared inspection locates unexpected temperature differences to alert inspection personnel to potential problems with insulation, process systems, electrical systems and proper operating parameters. Our proprietary advanced infrared system enables us to scan large areas using a robotic crawler and not only examine temperature differences but also precisely measure the thickness of objects or materials. Our proprietary infrared scanning system examines the entirety of the tested structure to supply more comprehensive inspection data to plant engineers, providing them a higher level of confidence when deciding whether to repair, replace or retire the structure.
- *Line Scanning Thermography (LST).* LST in an inspection method that uses infrared thermal imaging developed to measure the thickness of boiler tubes. A unique characteristic of this

system compared to other thermography methods is LST's ability to develop an image almost instantly as it scans a boiler tube, while the other methods are significantly slower. Boiler tube inspections are traditionally inspected for loss of wall thickness using ultrasonic contact thickness gauges, which is a very tedious and time consuming method. The LST system can test a large area faster than other NDT methods and record the inspection with a digital image. Another application for which LST has shown promise is the inspection of composite materials for porosity, delaminations and non-visible impact damage. Inspection speed, sensitivity to defects, and the capability to store digital images are the key selling points of LST.

Mechanical Integrity services

We provide a broad range of MI services that enable our customers to meet stringent regulatory requirements. These services increase plant safety, minimize unscheduled downtime and allow our customers to plan for, repair and replace critical components and systems before failure occurs. Our services are designed to complement a comprehensive predictive and preventative inspection and maintenance program that we can provide for our customers in addition to the MI services. Customers of our MI services have, in many instances, also licensed our PCMS software, which allows for the storage and analysis of data captured by our testing and inspection products and services, and implemented this solution to complement our inspection services.

As a result of the information captured by PCMS and the our risk-based inspection (RBI) software module we are able to provide a professional service known as "Mechanical Integrity Gap Analysis" for process facilities. Our Mechanical Integrity Gap Analysis service offers insight into the level of plant readiness, how best to manage and monitor the integrity of process facility assets, and how to extend the useful lives of such assets. Our Mechanical Integrity Gap Analysis service also assists customers in benchmarking and managing their infrastructure through key performance indicators and metrics.

Our products and systems

Our software

Our software solutions are designed to meet the demands of our customers' data analysis and asset integrity management requirements. Some of our key software solutions include:

PCMS Enterprise software: asset protection and reliability

Our PCMS application is an enterprise software system that allows for the storage and analysis of data as captured by our testing and inspection products and services. PCMS allows our customers to design and develop asset integrity management plans that include:

- optimal systematic testing schedules for their infrastructure based on real-time data captured by our sensors;
- alerts that notify customers when to perform special testing services on suspect areas, enabling them to identify and resolve flaws on a timely basis; and
- schedules for the maintenance and retirement of assets.

These plans are based on information stored in PCMS, which include results based upon the rates of deterioration shown by existing test results, information based on our past experiences

in the operation and testing of similar structures and standards and recommended practices of numerous industrial standards-setting bodies, such as the American Society of Mechanical Engineers, the American Petroleum Institute and the Occupational Safety and Health Administration. Using PCMS allows our customers to demonstrate compliance with these standards and practices, which typically helps them reduce their insurance premiums and ensure asset, product and employee safety. PCMS also offers significant advantages by allowing the information it develops and stores to be organized, linked and synchronized with enterprise software systems. We believe that as a result of its superior functionality, PCMS is one of the more widely used process condition management software systems in the world. For instance, we believe approximately 37% of U.S. refineries currently use PCMS.

In addition, our risk-based inspection (RBI) application enables PCMS users to test and analyze their assets operating conditions and other factors, such as operating temperature range and contact with highly flammable or corrosive products. This allows customers to classify or rank each asset according to the probability and consequences of its structural failure and schedule the appropriate frequency and types of testing for that asset. We believe our RBI program allows our customers to appropriately test their infrastructure in a more cost-effective manner while reducing their overall risk profile, which typically allows them to reduce their insurance premiums.

Application-based software

We provide a comprehensive portfolio of application-specific software products that covers a broad range of testing and analysis methods, including neural networks, pattern recognition, wavelet analysis and moment tensor analysis.

Some of the key software solutions we offer include:

- *Advanced Data Analysis Pattern Recognition & Neural Networks Software (NOESIS)*: An advanced data analysis and pattern recognition software package for AE applications. NOESIS enables our AE experts to develop automated remote monitoring systems for our customers.
- *AE Software Platform (AEwin and AEwinPost)*: Windows-based real time applications software for detection, processing and analysis of AE data. This software locates the general location of flaws on or in our customers' structures.
- *Loose Parts Monitoring Software (LPMS)*: A software program for monitoring, detecting and evaluating metallic loose parts in nuclear reactor systems in accordance with strict industry standards. LPMS alerts the operator on the plant floor and central control room about potential loose parts, provides a user-friendly interface for operators to differentiate between noise and loose parts and identifies the location of the problem.
- *Automated UT and Imaging Analysis Software (UTwin and UTIA)*: A complete software platform for analyzing ultrasonic inspection data and visualizing and identifying the location and size of potential flaws.

Technology packages

In order to address some of the more common problems faced by our customers, we have developed a number of robust technology solutions. These packages generally allow more rapid and effective testing of infrastructure because they minimize the need for service professionals

to customize and integrate asset protection solutions with the infrastructure and interpret test results. These packaged solutions use proprietary and specialized testing procedures and hardware, advanced pattern recognition, neural network software and databases to compare test results against our prior testing data or national and international structural integrity standards. Some of our widely used technology packages in some of our target markets are:

Technology package	Type	Description	Benefits
TANKPAC	AE On-line Tank Floor Inspection	Tests to monitor for emissions resulting from active corrosion of the tested infrastructure	• Ability to perform tests on-stream • Non-intrusive testing • Quickly identify tanks that need inspection and resolve associated problems • Leave good tanks operational and save the shutdown and cleaning costs
MONPAC	AE Pressure Vessel Testing	An AE “expert system” that evaluates the condition of metal pressure systems and tanks	• Ability to perform tests on-stream • Rapid inspection capability • Global monitoring (100% inspection, including welds, repairs, base metal) • Reduction in inspection costs • Reduction in downtime resulting from improved information about plant condition
VPAC	Loss Control for Valves in Process Plants	Estimates valve leakage based on measurements made using our inspection products	• Cost savings from detection of valve leaks • Cost savings are achieved in maintenance planning, troubleshooting plant operations and monitoring of losses for environmental purposes
POWERPAC	AE On-line Power Transformer Monitoring	Through on-line monitoring, detects and locates partial discharge in power transformers by utilizing AE	• Non-intrusive testing • On-line testing identifies problems characterizing defects • Creates way to monitor problem transformers

Our other products

AE products

We are a leader in the design and manufacture of AE sensors, instruments and turn-key systems used for the monitoring and testing of materials, pressure components, processes and structures. Though we principally sell our products as a system, which includes a combination of sensors, an amplifier, signal processing electronics, knowledge-based software and decision and feedback electronics, we can also sell these as individual components to certain customers that have the in-house expertise to perform their own services. Our sensors "listen" to structures and materials to detect real-time AE activity and to determine the presence of structural flaws in the inspected materials. Such materials include pressure vessels, storage tanks, heat exchangers, piping, turbine blades and reactors.

In addition, we provide leak monitoring and detection systems used in diverse applications, including the detection and location of both gaseous and liquid leaks in valves, vessels, pipelines and tanks. AE leak monitoring and detection, when applied in a systematic preventive maintenance program, has proven to substantially reduce costs by eliminating the need for visual valve inspection and unscheduled down-time. In addition, EPA requirements regarding fugitive emissions helps drive the market for this leak detection equipment.

Our complete AE product line includes:

- *AE Sensors:* We offer over 200 different types of proprietary sensors, including a dual function sensor that is a true accelerometer and an AE sensor that records low and high frequencies simultaneously in one sensor body.
- *Multi-channel AE Systems:* Multi-sensor parallel processing systems capable of monitoring, detecting and locating defects in large structures, such as vessels, pipelines and platforms. These systems include our Sensor Highway II, which is designed for on-line remote monitoring of bridges and large transformers.
- *Hand-held Instruments:* Portable AE systems easily adaptable to OEM applications.
- *Wireless AE Systems:* Our wireless sensors can communicate with single base stations, or with base stations and other sensors in geographically dispersed "mesh" networks. Wireless capabilities are fully integrated into our Sensor Highway II and Asset Condition Monitoring units.
- *Intrinsically Safe Products:* Certified sensors and AE systems to work in hazardous and potentially explosive environments such as the petrochemical industry.

UT technology

We design, manufacture and market ultrasonic equipment under our NDT Automation brand name. While AE technology detects flaws and pinpoints their location, our UT technology has the ability to size defects in three-dimensional geometric representations. We manufacture a complete line of UT scanners with automated or manual capabilities, and design and fabricate custom scanners as requested by customers.

Vibration sensors and systems

We design, manufacture and market a broad portfolio of vibration sensing products under our Vibra-Metrics brand name. These include accelerometers, on-line condition-based management systems, data delivery systems and a comprehensive assortment of ancillary support products. Our patented Sensor Highway monitoring systems offer fully automated, unattended remote data acquisition and alarm reporting for rotating mechanical equipment and machines, which enable us to provide real-time predictive maintenance data to our customers.

On-line monitoring

Our on-line monitoring offerings combine all of our asset protection services, products and systems. We provide temporary, periodic and continuous monitoring of static infrastructures such as bridges, pipes, and transformers, as well as dynamic or rotating assets such as pumps, motors, gearboxes, steam and gas turbines. Temporary monitoring is typically used when there is a known defect or problem and the condition needs to be monitored until repaired or new equipment can be placed in service. Periodic monitoring, or “walk around” monitoring, is used as a preventative maintenance tool to take machine and device readings, on a periodic basis, to observe any change in the assets’ condition such as increased vibration or unusual heat buildup and dissipation. Continuous monitoring is applied “24/7” on critical assets to observe the earliest onset of a defect and track its progression to avoid catastrophic failure. Since 1988, we have provided these solutions to over eighty projects for a variety of industries and applications. Our monitoring systems can be accessed both on-site and remotely using state of the art wireless technology and can interface with customer data via the internet or other proprietary secured networks. These monitoring systems provide browser -based hierarchical displays of critical information and can include alarm and customer notification options using messaging and email services. By simultaneously using different sensing devices such as acoustic emission or sound, vibration, temperature, strain or corrosion gauges, often referred to as sensor fusion, we can monitor and correlate different sensor results to provide more accurate fault detection and location information while reducing or eliminating false alarms. The information can also be used to correct operational procedures that contributed to the failures.

We provide a range of custom outsourced monitoring services for customers that do not have the resources to monitor their assets or interpret sensor data. An example of a continuous monitoring engagement involving static infrastructure is our monitoring of aging bridges for factors of degradation. Wire breakage in suspension bridges is usually the result of corrosion fatigue which slowly degrades the integrity of the bridge. Since wire breakage events are occasional and unpredictable, the most effective way to track the extent of deterioration is by continuous monitoring. Another example is offshore drilling platforms, which often develop slight flaws in high stress locations that can quickly and unpredictably expand into catastrophic failures. In many circumstances, such flaws cannot be reliably detected using conventional inspection techniques. An example and prime candidate for our temporary on-line monitoring solutions is a pressure vessel, such as a tank, in which a crack has been identified, but that can still be safely operated. In such cases, we are engaged to monitor the vessel until the crack grows dangerous or until a planned maintenance or shutdown occurs.

An example of continuous monitoring of dynamic or rotating assets is our monitoring of wind turbines. Each wind turbine is made up of a main bearing, gearbox and generator that combines to form the drive train. A typical wind park engagement will include around 50 wind turbines, each requiring drive train monitoring for early detection of potential mechanical

faults, which in turn will allow for scheduling of maintenance prior to the catastrophic failure of a component, and isolating it to avoid damage to the other components in the drive train. These components are difficult to replace since they are usually installed on towers over 250 feet high, and replacement components are costly and have long lead times.

Customers

During fiscal 2009, we provided our asset protection solutions to approximately 4,500 different customers. The following table lists some of our larger customers by revenues for fiscal 2009, in each of our target markets.

Oil and gas, including petrochemical	Nuclear and fossil power	Composite and part testing, including aerospace	Chemicals
BP(1)	American Electric Power	Avcorp Industries, Inc.	Air Products
Chevron	Bechtel	Boeing	Aux Sable Liquid
Conoco	Dominion	Danner Corporation	Products
ExxonMobil	Entergy	Embraer	Bayer
Lyondell-Basell	Exelon	Hitco	Dow Chemical
Petrobras	Florida Power & Light	Kaiser Aluminum	DuPont
Shell	General Electric	Rio Tinto	INEOS
Valero	PP&L	Rolls Royce	PCS Nitrogen

Primary metals and metalworking	Transportation	Pharmaceuticals and food processing	Public infrastructure
Doncasters	Dana Corporation	Anheuser-Busch	Bechtel
Eaton Corporation	Emergency One Inc.	ATS	Federal Highway Administration
Mid State Machine	Harley Davidson	Monsanto	High Steel Structures
Small Parts Incorporated	Sutphen Corporation	Pfizer	Parsons Engineering
Wollaston Alloys		Pilgrim's Pride	

(1) Various divisions or business units of BP were responsible for 17.1%, 16.8% and 16.5% of our revenues during fiscal 2009, 2008 and 2007, respectively. Predominantly all of these revenues are included in our Services segment.

During the last three fiscal years, we derived our revenues from providing our asset protection solutions to customers in the United States and over 60 countries around the world. Foreign countries where we provided asset protection solutions responsible for more than approximately 1% of our revenues in fiscal 2009, listed in descending order of revenues, were: Canada, France, Brazil, United Kingdom, Russia, The Netherlands, Japan, Serbia and China.

Competition

We operate in a highly competitive, but fragmented, market. Our primary competitors are divisions of large companies, and many of our other competitors are small companies, limited to a specific product or technology and focused on a niche market or geographic region. We believe that none of our competitors currently provides the full range of asset protection and NDT products, enterprise software and the traditional and advanced services solutions that we offer. Our major competitors with respect to NDT services include the Acuren division of

Rockwood Service Corporation, SGS Group, the TCM division of Team, Inc. and APPLUS RTD, which is majority-owned by The Carlyle Group. Our major competitor with respect to our PCMS software is UltraPIPE, a division of Siemens, and to a lesser extent, Lloyd's Register Capstone, Inc. Our major competitors with respect to our ultrasonic products are GE Inspection Technologies and Olympus NDT. In the traditional NDT market, we believe the principal competitive factors are project management, execution, price, reputation and quality. In the advanced NDT market, reputation, quality and size are more significant competitive factors than price. In light of several characteristics of the NDT industry and obstacles facing competitors, only a few of our existing competitors can compete with us on a global basis, and we believe few new companies are likely to enter the market. Some of the most significant of such characteristics and obstacles include: (1) having to acquire or develop advanced NDT services, products and systems technologies, which in our case occurred over many years of customer engagements and at significant internal research and development expense, (2) complex regulations and safety codes that require significant industry experience, (3) license requirements and evolved quality and safety programs, (4) costly and time-consuming certification processes, (5) capital requirements and (6) emphasis by large customers on size and critical mass, length of relationship and past service record.

Sales and marketing

We sell our asset protection solutions through all of our 68 offices worldwide. As of August 1, 2009, our world-wide sales and marketing team, together with our "center of excellence" managers, consisted of 63 employees. In addition, our project and laboratory managers as well as our management are trained on our solutions and often are the source of sales leads and customer contacts. Our direct sales and marketing teams work closely with our customers' research and design personnel, reliability engineers and facilities maintenance engineers to demonstrate the benefits and capabilities of our asset protection solutions, refine our asset protection solutions based on changing customer needs and identify potential sales opportunities. We provide our asset protection solutions under well known, industry-recognized brand names including Physical Acoustics Corporation and Vibra-Metrics, as well as lesser-known regional, local or product specific brand names. We have started to promote the name Mistras using the tag line of "Delivering Asset Protection Solutions." We divide our sales and marketing efforts into services sales, software and other products sales and marketing.

Services sales

In addition to our general and center of excellence managers and executives, our dedicated Services sales group employs 14 regional and business development managers and professionals, each of whom is responsible for educating our existing and potential customers about our asset protection solutions for a specific geographic region. The sales cycle for our more significant services engagements is typically three to six months. We generally provide our services under one- to three-year contracts, but none of our services contracts legally obligate our customers to purchase from us on a going-forward basis. Historically, a majority of our total services revenues have been recurring because of the length of certain of our client relationships and the number of our technicians who work for extended and predictable periods at our customer locations.

Products & systems sales

Our Products and Systems sales group employs 16 corporate level sales managers and professionals, each of whom is responsible for educating our existing and potential customers about our diverse portfolio of asset protection solutions in a geographic region. This team is supported by experts and scientists who work globally to provide design, installation and other sales support for more specialized niche applications, as well as customer support after purchase. The sales cycle for our software and other products is typically three to 12 months. We generally provide our software under one-year renewable license agreements.

International sales

Our International sales group employs 11 sales managers and professionals, each of whom is responsible for educating our existing and potential customers about our asset protection solutions in the geographical areas outside the United States other than China and South Korea. The sales cycle for our asset protection solutions and the agreements under which we provide them in these areas are substantially similar to those of our other segments.

Marketing

Our marketing group consists of four employees, and focuses primarily on supporting purchase decisions by our existing and potential customers' facilities managers, design engineers and research and development personnel by providing them product demonstrations, product testing, displays, marketing collateral and training programs. In addition, we support our brands through a range of print advertising and dedicated websites. Our websites have been designed to be a readily available source of information about our asset protection solutions, assisting our sales, marketing and customer service activities on a 24-hour basis.

Manufacturing

Our hardware products are manufactured in our Princeton Junction, New Jersey facility. This is a modern manufacturing facility equipped with the latest surface mount manufacturing equipment and automated test equipment. Our Princeton Junction facility includes all the capabilities and personnel to fully produce all of our AE products, NDT Automation ultrasonic equipment and Vibra-Metrics vibration sensing products.

Intellectual property

Our success depends, in part, on our ability to maintain and protect our proprietary technology and to conduct our business without infringing on the proprietary rights of others. We utilize a combination of intellectual property safeguards, including patents, copyrights, trademarks and trade secrets, as well as employee and third-party confidentiality agreements, to protect our intellectual property.

As of August 1, 2009, in the United States we held nine patents, which will expire at various times between 2010 and 2023, and had no outstanding patent applications. Although we believe our existing patents have significant value, we currently do not principally rely on our patented technologies to provide our proprietary asset protection solutions. We periodically assess appropriate circumstances for seeking patent protection for those aspects of our technologies, designs, methodologies and processes that we believe provide significant competitive

advantages. We have also licensed certain patent rights from third parties for new NDT technologies involving thermography and a method to measure wall thinning and geometric changes in boiler tubes. However, we do not significantly rely upon these licensed technologies in providing our asset protection solutions and the royalties we pay for these licenses are not material.

As of August 1, 2009, the primary trademarks and service marks that we held in the United States included Mistras, Physical Acoustics Corporation (PAC), and Controlled Vibrations Inc. Other trademarks or service marks that we utilize in localized markets or product advertising include PCMS, NOESIS, AEwin, AEwinPost, UTwin, UTIA, LST, Vibra-Metrics, MONPAC, PERFPAC, TANKPAC, VPAC, POWERPAC, Sensor Highway, Quality Services Laboratories Inc. (QSL) and NDT Automation.

Many elements of our asset protection solutions involve proprietary know-how, technology or data that are not covered by patents or patent applications because they are not patentable, or patents covering them would be difficult to enforce, including technical processes, equipment designs, algorithms and procedures. We believe that this proprietary know-how, technology and data is the most important component of our intellectual property assets used in our asset protection solutions, and is a primary differentiator of our asset protection solutions from those of our competitors. We rely on various trade secret protection techniques and agreements with our customers, service providers and vendors to protect these assets. All of our employees in our Products and Systems segment and certain of our other employees involved in the development of our intellectual property have entered into confidentiality and proprietary information agreements with us. These agreements require our employees not to use or disclose our confidential information, to assign to us all of the inventions, designs and technologies they develop during the course of employment with us, and otherwise address intellectual property protection issues. We also seek confidentiality agreements from our customers and business partners before we disclose any sensitive aspects of our asset protection solutions technology or business strategies. We are not currently involved in any material intellectual property claims.

Research and development

Our research and development is principally conducted by 28 engineers and scientists at our Princeton Junction, New Jersey headquarters, and supplemented by other employees in the United States and throughout the world, including France, Greece, Japan, Russia and the United Kingdom, who have other primary responsibilities. Our total professional staff includes 29 employees who hold Ph.D.'s, and 67 employees who hold Level III certification, or the highest level of certification from the American Society of Non-Destructive Testing.

We work with many of our customers on developing new products or applications for our technology. Research and development expenses are reflected on our consolidated statements of operations as research and engineering expenses. Our company-sponsored research and engineering expenses were approximately $1.3 million, $1.0 million, and $0.7 million for fiscal 2009, 2008 and 2007, respectively. While we have historically funded most of our research and development expenditures, we had customer-sponsored research and development revenues of approximately $0.6 million, $0.6 million and $0.8 million in fiscal 2009, 2008 and 2007, respectively. In addition, in February 2009 the National Institute of Standards and Technology (NIST) awarded us and our university partners a $6.9 million research award under their new Technology Innovation Program (TIP) for the development and research of advanced technologies to enable monitoring and inspection of the structural health of bridges, roadways and water systems.

Employees

Providing our asset protection solutions requires a highly skilled and technically proficient employee base. As of August 1, 2009, we had approximately 2,000 employees worldwide and approximately 1,750 of our employees were based within the United States, of which approximately 80% were hourly. Less than 10% of our employees in the United States are unionized. We believe that we have good relations with our employees.

Facilities

As of August 1, 2009, we operated 68 offices in 15 countries, with our corporate headquarters located in Princeton Junction, New Jersey.

The locations of our operating properties are set forth below by geographic region. As of August 1, 2009, we owned the properties located in Olds, Alberta; Monroe, North Carolina; Trainer, Pennsylvania; Houston and Pasadena, Texas; and Gillette, Wyoming; and we occupied the other properties under leases.

Geographic region	City and state or country	
United States	Decatur, Alabama	Bloomfield, New Mexico
	Theodore, Alabama	Bohemia, New York
	Bakersfield, California	Monroe, North Carolina
	Benicia (near San Francisco), California	Heath, Ohio
	Signal Hill (near Los Angeles), California	Independence, Ohio
	Torrance, California	Lima, Ohio
	Denver, Colorado	Carnegie, Pennsylvania
	East Granby, Connecticut	Manchester, Pennsylvania
	Waterford, Connecticut	Trainer, Pennsylvania
	Newark, Delaware	Roebuck, South Carolina
	Chubbuck, Idaho	Granbury, Texas
	Burr Ridge, Illinois	Clear Lake, Texas
	Edwardsville, Illinois	Corpus Christi, Texas
	South Holland, Illinois	Houston, Texas (2 locations)
	Hobart, Indiana	Pasadena, Texas
	Noblesville, Indiana	Texas City, Texas
	Ashland, Kentucky	North Salt Lake, Utah
	Louisville, Kentucky	Hampton, Virginia
	Prairieville, Louisiana	Richmond, Virginia
	Baltimore, Maryland	Bellingham, Washington
	Auburn, Massachusetts	Kent, Washington
	Springfield, Massachusetts	Evanston, Wyoming
	Old Bridge, New Jersey	Gillette, Wyoming
	Princeton Junction, New Jersey	
Asia-Pacific	Beijing, China	
	Thane, India	
	Tokyo, Japan	

Geographic region	City and state or country
Canada	Grande Prairie, Alberta
	Olds, Alberta
	Red Deer, Alberta
Europe	Cambridge, England
	Sucy-en-Brie (near Paris), France
	Vitrolles, France
	Hamburg, Germany
	Athens, Greece
	Rotterdam, The Netherlands
	Moscow, Russia
	Gothenburg, Sweden
Middle East	Manama, Kingdom of Bahrain
South America	Buenos Aires, Argentina
	Bahia, Brazil
	Macae, Brazil
	São Paulo, Brazil
	São Sebastiao, Brazil

Environmental matters

We are subject to numerous environmental, legal and regulatory requirements related to our operations worldwide. In the United States, these laws and regulations include, among others: the Comprehensive Environmental Response, Compensation, and Liability Act, the Resources Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act, the Toxic Substances Control Act, the Atomic Energy Act, the Energy Reorganization Act of 1974, as amended, and applicable state regulations.

In addition to the federal laws and regulations, states and other countries where we do business often have numerous environmental, legal and regulatory requirements by which we must abide. We evaluate and address the environmental impact of our operations by assessing properties in order to avoid future liabilities and comply with environmental, legal and regulatory requirements. Thus far, we are not involved in specific environmental litigation and claims, including the remediation of properties we own or have operated, as well as efforts to meet or correct compliance-related matters. We do not expect costs related to environmental matters to have a material adverse effect on our consolidated cash flows, financial position or results of operations.

Legal proceedings

We are subject to periodic lawsuits, investigations and claims that arise in the ordinary course of business. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding to which we are a party will have a material adverse effect on our business, results of operations, cash flows or financial condition. The costs of defense and amounts that may be recovered in such matters may be covered by insurance.

Management

Executive officers and directors

The following table sets forth certain information concerning our executive officers, directors and director nominee as of August 1, 2009:

Name	Age	Position
Sotirios J. Vahaviolos(1)	63	Chairman, President, Chief Executive Officer and Director
Paul Peterik(1)	59	Chief Financial Officer and Secretary
Mark F. Carlos(1)	58	Group Executive Vice President, Products and Systems
Phillip T. Cole(1)	56	Group Executive Vice President, International
Michael J. Lange(1)	49	Group Executive Vice President, Services, and Director
Ralph L. Genesi(1)	54	Group Executive Vice President, Marketing and Sales
Elizabeth Burgess(2)	44	Director
Daniel M. Dickinson(3)(4)	48	Director
James J. Forese(2)	73	Director
Richard H. Glanton(3)(4)(5)	63	Director nominee
Manuel N. Stamatakis(2)(3)(4)	62	Director

(1) Executive Officer

(2) Member of audit committee

(3) Member of compensation committee

(4) Member of nominating and corporate governance committee

(5) Mr. Glanton will be nominated and elected as a director effective upon completion of this offering.

Sotirios J. Vahaviolos has served as our Chairman, President and Chief Executive Officer since he founded Mistras in 1978 under the name Physical Acoustics Corp. Prior to joining Mistras, Dr. Vahaviolos worked at AT&T Bell Laboratories. Dr. Vahaviolos received a BS in Electrical Engineering and graduated first in his class from Fairleigh Dickinson University and received a Master of Science (EE), Masters in Philosophy and a Ph.D.(EE) from the Columbia University School of Engineering. During Dr. Vahaviolos' career in NDT, he has been elected Fellow of The Institute of Electrical and Electronics Engineers, a member of The American Society for Nondestructive Testing (ASNT) where he served as its President from 1992-1993 and its Chairman from 1993-1994, a member of Acoustic Emission Working Group (AEWG) and an honorary life member of the International Committee for Nondestructive Testing. Additionally, he was the recipient of ASNT's Gold Medal in 2001 and AEWG's Gold Medal in 2005. He was also one of the six founders of NDT Academia International in 2008.

Paul "Pete" Peterik joined Mistras in May 2005 as our Chief Financial Officer and Secretary. Prior to joining Mistras, Mr. Peterik was the Chief Financial Officer of Integrated Leasing Corp., a leasing company serving the electronic payment processing industry, from August 2003 until the business was sold in January 2005. From November 2002 to August 2003, Mr. Peterik operated his own financial consulting business for start-up and mid-sized companies. From 1980 to 2002,

Mr. Peterik was employed as chief financial officer or chief operating officer at various private and public companies. Mr. Peterik was employed with PricewaterhouseCoopers LLP for nine years from 1971 to 1980, where he attained the position of audit manager.

Mark F. Carlos is Group Executive Vice President responsible for Products and Systems. Mr. Carlos joined Mistras at its founding in 1978. Prior to joining Mistras, Mr. Carlos worked at AT&T Bell Laboratories. Mr. Carlos received a Masters in Business Administration from Rider University and a Masters in Electrical Engineering from Columbia University. Mr. Carlos is an elected Fellow of ASNT and AEWG, and currently serves as the Vice Chairman of the American Society for Testing and Materials' NDT Standards Writing Committee E-3 and was the recipient of its prestigious Charles W. Briggs Award in 2007.

Phillip T. Cole is Group Executive Vice President, International, and Managing Director of Physical Acoustics Limited (PAL). Mr. Cole founded Dunegan UK in 1983, which was acquired by PAL in 1986. Mr. Cole obtained a master's degree in physics and electronic engineering from Loughborough University. Mr. Cole began his career at TI Research in the U.K. where he focused on NDT electromagnetic-acoustic devices.

Michael J. Lange is Group Executive Vice President responsible for Services. He joined Mistras when it acquired Quality Services Laboratories in November 2000. He was elected a Director in 2003. Mr. Lange is a well recognized authority in Radiography and has held an ASNT Level III Certificate for almost 20 years. Mr. Lange received an Associate of Science degree in NDT from the Spartan School of Aeronautics in 1979.

Ralph L. Genesi is Group Executive Vice President, Marketing and Sales. He joined Mistras in March of 2009 with more than 25 years of executive management experience in marketing and sales as well as corporate profit and loss responsibility. Prior to joining Mistras, Mr. Genesi was President of Swantech, a division of the Curtiss Wright Corporation. Previous he was Vice President and General Manager for Siemens AG- Power Generation Information Technology Business responsible for energy trading, fleet operations & control solutions worldwide. He has also held positions as President-Americas Operations for Spectris Technologies Inc., a European holding company and Director, Global Market & Sales Development for Honeywell IAC. Mr. Genesi has an Electrical Engineering degree from Fairleigh Dickinson University.

Elizabeth Burgess has served as a Director since October 2005. Ms. Burgess is a senior partner and co-founder of Altus Capital Partners, a private equity fund launched in 2003, and served as a Vice President of its predecessor fund, Max Capital Partners, which she joined in 2000. She currently serves on the board of directors for several private companies that are part of the Altus Capital portfolio. Ms. Burgess received a B.S. from the State University of New York at Plattsburgh and an M.B.A. from Columbia University Graduate School of Business.

Daniel M. Dickinson has served as a Director since August 2003. Mr. Dickinson has been employed since 2001 by, and is currently a Managing Partner of, Thayer | Hidden Creek, a private investment firm located in Washington, D.C. Mr. Dickinson serves as a director and a member of the audit committee of Caterpillar, Inc. and as a director and a member of the audit, governance and compensation committee of IESI-BFC Ltd. as well as a director of several private companies. Mr. Dickinson received a J.D. and M.B.A. from the University of Chicago and a B.S. in Mechanical Engineering and Materials Science from Duke University.

James J. Forese has served as a Director since August 2003. Mr. Forese joined Thayer | Hidden Creek in July 2003 and currently serves as an Operating Partner and Chief Operating Officer.

Prior to joining Thayer | Hidden Creek, Mr. Forese worked at IKON Office Solutions, most recently as the Chairman and Chief Executive Officer. Mr. Forese serves as non-executive Chairman of Spherion Corporation, a director and the audit committee chair of IESI-BFC Ltd. and a director of several private organizations. Mr. Forese served as a director, the audit committee chair and member of the compensation committee of Anheuser-Busch Companies Inc. Mr. Forese received a B.E.E. in Electrical Engineering from Rensselaer Polytechnic Institute and an M.B.A. from Massachusetts Institute of Technology.

Richard H. Glanton will become a member of our board of directors upon the completion of this offering. Mr. Glanton is Chief Executive Officer and Chairman of the Philadelphia Television Network, a privately-held media company. From May 2003 to May 2007, Mr. Glanton served as the Senior Vice President of Corporate Development for Exelon Corporation. From 1986 to 2003 he was a partner in the law firm of Reed Smith LLP in Philadelphia. Mr. Glanton currently is a director of Aqua America, Inc. and The CEO Group, Inc. and is a member of the Board of Trustees of Lincoln University. Mr. Glanton received a BA in English from West Georgia College and a J.D. from University of Virginia School of Law.

Manuel N. Stamatakis has served as a Director since 2002. Mr. Stamatakis is the Chairman and Chief Executive Officer of Capital Management Enterprises, Inc., a financial services and employee benefits consulting company headquartered in Valley Forge, Pennsylvania. Mr. Stamatakis currently serves as Chairman of the Board of Drexel University College of Medicine, the Philadelphia Shipyard Development Corporation, and the Pennsylvania Supreme Court Investment Advisory Board. Mr. Stamatakis received a Bachelors' of Science in Industrial Engineering from the Pennsylvania State University in 1969 and received an honorary Doctorate of Business Administration from Drexel University.

Our executive officers are elected by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Board of directors

Board composition

Our board of directors currently consists of six members. Under our second amended and restated certificate of incorporation that will be in effect upon the completion of this offering, the authorized number of directors may be changed only by resolution of the board of directors. At each annual meeting of stockholders commencing with the meeting in 2010, the directors will be elected to serve until the earlier of their death, resignation or removal or until their successors have been elected and qualified.

Director independence

In June 2009, our board of directors undertook a review of the independence of the directors and considered whether any director has a relationship with us that precludes a determination of independence within the meaning of the rules of the New York Stock Exchange. As a result of this review, our board of directors determined that Ms. Burgess and Messrs. Dickinson, Forese, Glanton and Stamatakis, representing five of the six directors we will have upon completion of the offering, are "independent directors" as defined under the rules of the New York Stock Exchange, constituting a majority of independent directors of our board of directors as required by the rules of the New York Stock Exchange.

Committees of the board of directors

Upon the completion of this offering, we will have an audit committee, a compensation committee and a nominating and corporate governance committee with the composition and responsibilities described below.

Audit committee

Our audit committee will be comprised of Messrs. Forese and Stamatakis and Ms. Burgess, each of whom is a non-employee member of our board of directors, with Mr. Forese serving as the initial chairperson of our audit committee. Our board of directors has determined that each member of our audit committee meets the requirements for independence and financial literacy, and that Mr. Forese qualifies as an audit committee financial expert, under the applicable requirements of the New York Stock Exchange and SEC rules and regulations. The audit committee will be responsible for, among other things:

- selecting and hiring our independent auditors, and approving the audit and non-audit services to be performed by our independent auditors;
- evaluating the qualifications, performance and independence of our independent auditors;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our internal control policies and procedures;
- discussing the scope and results of the audit with the independent auditors and reviewing with management and the independent auditors our interim and year-end operating results; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

Compensation committee

Our compensation committee will be comprised of Messrs. Dickinson, Glanton and Stamatakis, each of whom is a non-employee member of our board of directors, with Mr. Dickinson serving as the initial chairperson of our compensation committee. Our board of directors has determined that each member of our compensation committee meets the requirements for independence under the current requirements of the New York Stock Exchange. The compensation committee will be responsible for, among other things:

- reviewing and approving for our executive officers: annual base salaries, annual incentive bonuses, including the specific goals and amount, equity compensation, employment agreements, severance arrangements and change in control arrangements and any other benefits, compensation or arrangements;
- reviewing the succession planning for our executive officers;
- overseeing compensation goals and bonus and stock compensation criteria for our employees;
- reviewing and recommending compensation programs for outside directors;
- preparing the compensation discussion and analysis and compensation committee report that the SEC requires in our annual proxy statement; and

- administering, reviewing and making recommendations with respect to our equity compensation plans.

Nominating and governance committee

Our nominating and governance committee will be comprised of Messrs. Dickinson, Glanton and Stamatakis, each of whom is a non-employee member of our board of directors, with Mr. Stamatakis serving as the initial chairperson of our nominating and governance committee. Our board of directors has determined that each member of our nominating and governance committee satisfies the requirements for independence under the current rules of the New York Stock Exchange. The nominating and governance committee will be responsible for, among other things:

- assisting our board of directors in identifying prospective director nominees and recommending nominees for each annual meeting of stockholders to the board of directors;
- reviewing developments in corporate governance practices and developing and recommending governance principles applicable to our board of directors;
- overseeing the evaluation of our board of directors and management;
- recommending members for each board committee to our board of directors; and
- reviewing and monitoring our code of ethics and actual and potential conflicts of interest of members of our board of directors and officers.

Code of ethics

In connection with this offering our board of directors will adopt a code of ethics for our principal executive and senior financial officers. The code will apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon the effectiveness of the registration statement of which this prospectus forms a part, the full text of our code of ethics will be posted on our website at *www.mistrasgroup.com*. We intend to disclose future amendments to certain provisions of our code of ethics, or waivers of such provisions, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions as required by law or regulation. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus.

Compensation committee interlocks and insider participation

None of the members of our compensation committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Limitations on liability and indemnification matters

Our second amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the completion of this offering, contain provisions

that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered, and expect to continue to enter, into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our second amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

There is no currently pending material litigation or proceeding involving any of our directors or officers for which indemnification is sought.

Director compensation

We reimburse each member of our board of directors who is not an employee for reasonable travel and other expenses in connection with attending meetings of the board of directors or committees thereof. Our directors received no other compensation for their services as such in fiscal 2009.

Executive compensation

Compensation discussion and analysis

Our current compensation program for our "named executive officers" (as defined under "—Summary Compensation Table for 2009") was developed and implemented by our board of directors while we were a private company. Therefore, our current compensation program, and the process by which it was developed, is less formal than that which we plan to follow as a public company.

In connection with this offering, we will review our compensation philosophy and expect to adopt compensation policies and objectives that generally are more consistent with those of a public, rather than private, company. To this end, our compensation committee will undertake a review of director and executive officer compensation trends at comparable companies and provide recommendations to our board of directors with respect to compensation arrangements following the completion of this offering. We anticipate that individual performance objectives will be identified in the future. However, we cannot predict what the compensation committee's recommendations or such objectives will be.

We currently have no employment agreements with our named executive officers other then Dr. Vahaviolos. We may enter into employment agreements with our other named executive officers on terms to be agreed between us and the executives after this offering. We have established the following primary objectives in negotiating these employment agreements:

- attracting, retaining and motivating executive officers with the knowledge, skills and experience that are critical to our success;
- ensuring that executive compensation is aligned with our corporate strategies and business objectives; and
- promoting the achievement of key strategic and financial performance measures by linking cash incentives to the achievement of operating results.

After completion of this offering, our compensation committee will oversee our executive compensation program. For more information on our compensation committee after completion of the offering, see "Compensation Committee" above. Given the limited formal procedures we have employed as a private company, we expect that our approach to executive compensation as a public company, as developed and implemented by our compensation committee, will vary significantly from our historical practice. We expect that the compensation committee will meet periodically to make recommendations for base salaries, bonuses, stock option awards, long-term incentive awards and other compensation and benefits to be paid, granted or provided to our named executive officers. In making these recommendations, we expect that the compensation committee will consider (1) our historical and expected performance, (2) the alignment of individual performance with our operational objectives, (3) the anticipated level of difficulty in replacing our named executive officers with persons of comparable experience, skill and knowledge, and (4) the recommendations of any external advisors that it may engage.

Components of executive compensation for fiscal 2009

The principal components of our current executive compensation program are base salary and an annual performance bonus principally based on our revenues and EBITDA (and in the case of our named executive officers other than Dr. Vahaviolos and Mr. Peterik, on the financial

performance of the group for which each such named executive officer is responsible). In addition, we maintain certain benefits and perquisites for our named executive officers, which are dependent, in part, on the country in which the named executive officer is located. Although each element of compensation described below is considered separately, our existing compensation committee takes into account the aggregate compensation package for each individual in its determination of each individual component of that package. The components of executive compensation have been as follows:

- *Base salary.* Base salary is a fixed compensation amount paid during the course of the fiscal year. Each named executive officer's base salary is reviewed on an annual basis by our existing compensation committee. Historically, we have not applied specific formulas to set base salary or to determine salary increases, nor have we sought to formally benchmark base salary against similarly situated companies. Generally, salary is determined by reference to the scope of each named executive officer's responsibilities and is intended to provide a basic level of compensation for performing the job expected of him. We believe that each named executive officer's base salary must be competitive in our industry and with the market generally with respect to the knowledge, skills and experience that are necessary for him to meet the requirements of his position.
- *Annual cash incentives.* Annual cash incentives are intended to reward named executive officers for individual performance. The named executive officers have the potential to earn cash incentives up to a maximum of 100 percent of base salary. In fiscal 2009, the cash incentives were principally based on our revenues and EBITDA. We chose revenues as a metric in order to incentivize and reward revenue growth and EBITDA because we believe it is a useful measure of our profitability. The targets set by our compensation committee for fiscal 2009 were revenues of $200 million (after intercompany eliminations) and EBITDA of $35 million. In addition, the cash incentives for our named executive officers were based in part on other factors, such as new product introduction, customer base growth, customer retention, completion of acquisitions and successful integration of acquired companies or assets and, solely with respect to our named executive officers other than Dr. Vahaviolos and Mr. Peterik, on the performance of the group for which each is responsible, although we did not assign a target for any of these factors. Instead, with respect to these factors, we used our own experience and judgment to determine whether and to what extent each named executive officer's cash incentives should be adjusted as a result of his or her performance with respect to such factors. Due to the economy and several non-recurring events we did not fully achieve our EBITDA and revenue targets and accordingly reduced bonus payments. The cash incentives paid to our named executive officers ranged from approximately 19% to 39% of our named executive officers' base salaries. We did not adhere to a fixed formula for determining the aggregate cash incentives since the applicable targets for EBITDA were not met; nor did we assign a fixed weight to the other metrics on which such incentives were based.
- *Benefits and perquisites.* Our named executive officers are eligible to receive the same benefits that are generally available to all employees. We provide a qualified matching contribution to each employee, including our named executive officers, who participates in our 401(k) plan. This matching policy provides that we match half of the first 6% of compensation that our named executive officers contribute to the plan. We also provide certain additional benefits to our named executive officers located outside the United States, including health and dental insurance and a car allowance, which we believe are consistent with those offered by other companies and specifically with those companies with which we compete for these employees. We did not provide any other personal benefits or pension,

deferred compensation or other retirement benefits to our named executive officers in fiscal 2009.

Vahaviolos employment agreement

In September 2009, we entered into an employment agreement with Dr. Vahaviolos for the positions of executive chairman of the board and chief executive officer, which has an initial term of two years and is automatically renewable for successive one-year periods in the absence of an election by either party to terminate. The employment agreement provides for an initial annual base salary of $345,000, subject to annual review by the compensation committee. Dr. Vahaviolos is entitled to annual short-term incentive opportunities targeted at 75% of his annual base salary. Under his employment agreement, Dr. Vahaviolos was granted an option to purchase 150,000 shares of our common stock with an exercise price equal to $175.00 per share pursuant to our 2007 Stock Option Plan. The options are subject to a four-year vesting schedule, with 25% of the options vesting each upon the first, second, third and fourth anniversary of their issuance.

Under his employment agreement, Dr. Vahaviolos is entitled to receive payments and other benefits upon the termination of his employment. These payments and other benefits are described under “Potential payments upon termination of employment or a change of control.”

We currently have no employment agreements with our other named executive officers.

Equity benefit plans

2007 stock option plan

Our 2007 Stock Option Plan provides for the grant of nonstatutory and incentive stock options to our employees, directors, consultants and other persons who perform services for us. As of September , 2009, options to purchase shares of common stock were outstanding and shares of common stock were reserved for future grant under the 2007 Stock Option Plan. Following this offering, our board of directors does not intend to grant any further awards under the 2007 Stock Option Plan. Our board of directors has adopted the 2009 Long-Term Incentive Plan, under which we expect to make all future awards. All outstanding stock options granted under the 2007 Stock Option Plan will remain outstanding and subject to their respective terms and the terms of the 2007 Stock Option Plan.

2009 long-term incentive plan

Our board of directors and existing stockholders have adopted and approved the 2009 Long-Term Incentive Plan, or 2009 Plan. The 2009 Plan will become effective on the date of this prospectus and is a comprehensive incentive compensation plan under which we can grant equity-based and other incentive awards to officers, employees and directors of, and consultants and advisers to our company and our subsidiaries. The purpose of the 2009 Plan is to help us attract, motivate and retain such persons and thereby enhance shareholder value.

We have reserved up to shares of our common stock for issuance under the 2009 Plan. Unissued shares covered by awards that terminate, shares that are forfeited, and shares withheld or surrendered for the payment of the exercise price or withholding obligations associated with an award will remain available for issuance under the 2009 Plan. The number of shares issuable under the 2009 Plan is subject to adjustment in the event of certain capital changes affecting

outstanding shares of our common stock, such as the payment of a stock dividend, a spin-off or other form of recapitalization.

Awards under the 2009 Plan may be in the form of stock options, restricted stock and other forms of stock-based incentives, including stock appreciation rights and deferred stock rights.

- Stock options represent the right to purchase shares of our common stock within a specified period of time for a specified price. The purchase price per share must be at least equal to the fair market value per share on the date the option is granted. Stock options may have a maximum term of ten years. Our compensation committee will have the flexibility to grant stock options that are intended to qualify as “incentive stock options” under Section 422 of the Internal Revenue Code.
- Restricted stock awards consist of the issuance of shares of our common stock subject to certain vesting conditions and transfer restrictions that lapse based upon continuing service and/or the attainment of specified performance objectives. The holder of a restricted stock award may be given the right to vote and receive dividends on the shares covered by the award.
- Stock appreciation rights entitle the holder to receive the appreciation in the fair market value of the shares of our common stock covered by the award between the date the award is granted and the date the award is exercised. In general, settlement of a stock appreciation right will be made in the form of shares of our common stock with a value equal to the amount of such appreciation.
- Deferred stock awards represent the right to receive shares of our common stock in the future, subject to applicable vesting and other terms and conditions. Deferred stock awards are generally settled in shares of our common stock at the time the award vests, subject to any applicable deferral conditions as may be permitted or required under the award. The holder of a deferred stock award may not vote the shares covered by the award unless and until the award vests and the shares are issued. Dividend equivalents may or may not be payable with respect to shares covered by deferred stock award.
- Performance units are awards with an initial value established by our compensation committee (or that is determined by reference to a valuation formula specified by the committee) at the time of the grant. In its discretion, the compensation committee will set performance goals that, depending on the extent to which they are met during a specified performance period, will determine the number and/or value of performance units that will be paid out to the participant. The compensation committee, in its sole discretion, may pay earned performance units in the form of cash, shares of our common stock or any combination thereof that has an aggregate fair market value equal to the value of the earned performance units at the close of the applicable performance period. The determination of the compensation committee with respect to the form and timing of payout of performance units will be set forth in the applicable award agreement. The committee may, on such terms and conditions as it may determine, provide a participant who holds performance units with dividends or dividend equivalents, payable in cash, shares of our common stock, other securities, other awards or other property.

The 2009 Plan also provides for stock bonus and other forms of stock-based awards and for cash incentive awards.

The 2009 Plan will be administered by the compensation committee of our board of directors. Subject to the terms of the 2009 Plan, the compensation committee (or its designee) may select the persons who will receive awards, the types of awards to be granted, the purchase price (if any) to be paid for shares covered by the awards, and the vesting, forfeiture and other terms and conditions of the awards. In general, awards granted under the 2009 Plan will not be transferrable.

In the event of a change in control or sale event as described in the 2009 Plan, outstanding awards under the 2009 Plan may be converted into equivalent awards with respect to shares of an acquiring or successor company (or corporate parent), subject to substantially similar vesting and other terms and conditions, except that, if the individual is terminated other than for cause within two years after a sale event or change in control, the awards will vest in full. In general, if an outstanding award is not so converted, it will become fully vested and will be cashed out or otherwise entitled to participate in the change in control transaction or sale event based upon its then intrinsic value.

Unless sooner terminated by our board of directors, the 2009 Plan shall expire on the tenth anniversary of the date of its adoption. The board of directors may amend or terminate the 2009 Plan at any time, provided, however, that no such action may adversely affect outstanding awards without the holder's consent. Amendments to the 2009 Plan will be subject to shareholder approval if and to the extent required in order to comply with applicable legal or stock exchange requirements.

The 2009 Plan is intended to constitute a plan described in Treasury Regulation Section 1.162-27(f)(1), pursuant to which the deduction limits under Section 162(m) of the Internal Revenue Code do not apply during the applicable reliance period, which would end upon the earliest of: (i) the expiration of the 2009 Plan, (ii) a material modification of the 2009 Plan, (iii) the issuance of all available stock and other compensation that has been allocated under the 2009 Plan, or (iv) the first stockholder meeting at which directors are to be elected that occurs after the close of the third calendar year in which we became publicly held.

Summary compensation table for fiscal 2009(1)

The following table provides information regarding the compensation of our Chief Executive Officer, Chief Financial Officer and each of the next four most highly compensated executive officers in fiscal 2009. We refer to these executive officers as our "named executive officers."

Name and principal position	Year	Salary ($)	Bonus ($)	Option awards ($)	All other compensation ($)	Total ($)
Sotirios J. Vahaviolos *Chairman, President and Chief Executive Officer*	2009	$312,716	$120,000	$ —	$36,594(2)	$469,310
Paul "Pete" Peterik *Chief Financial Officer and Secretary*	2009	219,527	74,000	—	28,586(3)	322,113
Michael J. Lange *Group Executive Vice President, Services*	2009	198,000	78,000	—	25,392(4)	301,392
Mark F. Carlos *Group Executive Vice President, Products and Systems*	2009	149,775	28,400	—	12,729(5)	190,904
Phillip T. Cole *Group Executive Vice President, International*	2009	162,215	58,676	—	29,051(6)	249,942
Ralph L. Genesi *Group Executive Vice President, Marketing and Sales*	2009	36,692	1,500	25,000(8)	1,100(7)	64,292

(1) Columns disclosing compensation under the headings "Stock Awards," "Non-Equity Incentive Plan Compensation," and "Change in Pension Value and Nonqualified Deferred Compensation Earnings" are not included because no compensation in these categories was awarded to, earned by or paid to our named executive officers in fiscal 2008.

(2) Includes matching contributions under our 401(k) Plan of $7,750 and vehicle allowances of $14,712.

(3) Includes matching contributions under our 401(k) Plan of $8,313 and vehicle allowances of $7,800.

(4) Includes matching contributions under our 401(k) Plan of $4,854 and vehicle allowances of $12,278.

(5) Includes matching contributions under our 401(k) Plan of $4,900 and vehicle allowances of $3,000.

(6) Includes contributions for retirement and health care insurance of $22,584 and vehicle allowances of $6,467.

(7) Includes vehicle allowances of $1,000.

(8) Represents the total compensation expense for fiscal 2009, calculated in accordance with SFAS No. 123R for the stock option grants received. The annual valuation assumptions used in determined such amounts are described elsewhere in this prospectus.

Grants of plan-based awards

The following table provides information regarding grants of plan-based awards to our named executive officers during fiscal 2009:

Name	Grant date	All other option awards: number of securities underlying options (#)	Exercise or base price of option awards ($/sh)	Grant date fair value of stock and option awards ($)(2)
Ralph L. Genesi	4/9/09	12,500(1)	$130.00	$601,250

(1) This option grant was received upon joining Mistras in 2009 pursuant to our 2007 Stock Option Plan. The options vest in four annual installments commencing on the first anniversary of the date of grant.

(2) The amount in this column represents the aggregate grant date fair value, computed in accordance with SFAS No. 123(R), of the stock options granted to Mr. Genesi in fiscal 2009. No other named executive officer was granted options in fiscal 2009.

Outstanding equity awards at 2009 fiscal-year end

The following table provides information regarding equity awards granted to our named executive officers that were outstanding as of May 31, 2009:

	Option awards			
Name	Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options unexercisable	Option exercise price ($/share)	Option expiration date
Sotirios J. Vahaviolos	—	—	$ —	—
Paul “Pete” Peterik(1)	12,500(1)	—	5.00	05/25/2015
Mark F. Carlos	—	—	—	—
Phillip T. Cole	—	—	—	—
Michael J. Lange	—	—	—	—
Ralph L. Genesi	—	12,500(2)	130.00	04/09/2019

(1) This option grant was received upon joining Mistras in 2005 and is fully vested.

(2) This option grant was received upon joining Mistras in 2009 and the options vest in four annual installments commencing on the first anniversary of the date of grant.

Option exercises during fiscal 2009

None of our named executive officers exercised stock options during fiscal 2009.

Pension benefits and non-qualified deferred compensation in fiscal 2009

We do not currently provide our named executive officers with pension benefits or nonqualified deferred compensation.

Potential payments upon termination of employment or a change of control

As of the end of fiscal 2009 none of the named executive officers would have been entitled to any payments upon termination of employment or a change of control. In addition, none of the named executive officers other than Dr. Vahaviolos is currently entitled to receive any benefits in connection with a termination of employment or a change in control of us. In September 2009, we entered into an employment agreement with Dr. Vahaviolos, our president and chief executive officer, that require specific payments and benefits to be provided to Dr. Vahaviolos in the event of termination of employment under the circumstances described below. Following is a description of the payments and benefits that are owed by us to Dr. Vahaviolos upon termination.

Termination Without Cause or for Good Reason not in Connection with a Change in Control. If we terminate Dr. Vahaviolos' employment without cause or Dr. Vahaviolos terminates his employment for good reason, then Dr. Vahaviolos is entitled to receive the following payments and benefits:

- an amount equal to his unpaid base salary earned through the date of termination and unpaid short-term incentive award earned for the preceding year;
- an amount equal to any business expenses that were previously incurred but not reimbursed and are otherwise eligible for reimbursement;
- any payments or benefits payable to him or his spouse or other dependents under any other company employee plan or program, and settlement of any unpaid long-term incentive awards that have been earned;
- an amount equal to the short-term incentive award that would have been earned by him for the year in which the termination occurs if his employment had not terminated, prorated for the number of days elapsed since the beginning of that year, payable when the bonus for such year would otherwise have been paid;
- an amount equal to a multiple (the "severance multiplier") of (a) his highest annual rate of base salary during the preceding 24 months, plus (b) his target short-term incentive award for the calendar year in which the termination occurs (or, if greater, the actual short-term incentive award earned by him for the preceding calendar year). The severance multiplier is 1.0 for payments and benefits payable in the event of a termination without cause or for good reason. However, the severance multiplier is 2.0 times if we terminate Dr. Vahaviolos' employment without cause at the request of an acquiror or otherwise in contemplation of a change in control in the period beginning six months prior to the date of a change in control, or he terminates his employment for good reason within two years after a change in control;
- immediate vesting of his option award to purchase 150,000 shares of our common stock granted under the terms of his employment agreement (the "initial option award") and any outstanding long-term incentive awards;
- continued participation by him and his spouse or other dependents in our group health plan, at the same benefit and contribution levels in effect immediately before the termination for 24 months or, if sooner, until similar coverage is obtained under a new employer's plan. If continued coverage is not permitted by our plan or applicable law, we will pay the cost of COBRA continuation coverage to the extent any of these persons elects and is entitled to receive COBRA continuation coverage;

- continued payment by us for 24 months of the annual premium cost of his $1.5 million term life insurance policy; and
- continued receipt for 24 months of those perquisites made available to him during the 12 months preceding the termination.

Under the employment agreement, Dr. Vahaviolos is deemed to have been terminated without cause if he is terminated for any reason other than: (1) a conviction of or a nolo contendre plea to a felony or an indictment for a felony against Mistras that have a material adverse effect on our business; (2) fraud involving Mistras; (3) willful failure to carry out material employment responsibilities; or (4) willful violation of a material company policy, in each case subject to a 30 day cure period if the act or omission is curable by Dr. Vahaviolos.

Dr. Vahaviolos is deemed to have terminated his employment for good reason if the termination follows: (1) a material reduction in his status or position, including a reduction in his duties, responsibilities or authority, or the assignment to him of duties or responsibilities that are materially inconsistent with his status or position; (2) a reduction in his base salary or failure to pay such amount; (3) a reduction in his total target incentive award opportunity; (4) a breach by us of any of our material obligations under the employment agreement; (5) a required relocation of his principal place of employment of more than 50 miles; or (6) in connection with a change in control, a failure by the successor company to assume our obligations under his employment agreement.

Termination in Connection with a Change in Control. If we terminate Dr. Vahaviolos' employment without cause at the request of an acquiror or otherwise in contemplation of a change in control in the period beginning six months prior to the date of a change in control, or we terminate him without cause or he terminates his employment for good reason within two years after a change in control, then he is entitled to receive the payments and benefits described above, except that (1) the amount of the pro rata short-term incentive award will be based on his target short-term incentive award for the year in which the termination occurs and payment will be made in a lump-sum promptly after the time of such termination, and (2) the severance multiplier is 2.0 for payments and benefits

In the event a change in control occurs and Dr. Vahaviolos is still employed by or in service of Mistras or, if earlier, upon the termination of his employment without cause in the period beginning six months prior to the date of a change in control, all his outstanding equity-based and other long-term incentive awards will become vested upon the change in control in accordance with their terms.

Under the employment agreement, a change in control is defined as: (1) the acquisition of 40% or more of our common stock, except in connection with a consolidation, merger or reorganization where (a) the stockholders of Mistras immediately prior to the transaction own at least a majority of the voting securities of the surviving entity, (b) a majority of the directors of the surviving entity were directors of Mistras prior to the transaction, and (c) no person, subject to certain exceptions, beneficially owns more than a majority of the voting securities of the surviving entity; (2) the completion of a consolidation, merger or reorganization, unless (a) the stockholders of Mistras immediately prior to the transaction own at least a majority of the voting securities of the surviving entity, (b) a majority of the directors of the surviving entity were directors of Mistras prior to the transaction, or (c) no person, entity, or group, subject to certain exceptions, beneficially owns more than a majority of the voting securities of the surviving entity; (3) a change in a majority of the members of our board, without the approval of the then incumbent members of the board; or

(4) the stockholders approve the complete liquidation or dissolution of Mistras, or a sale or other disposition of all or substantially all of the assets of Mistras.

Termination Due to Death or Disability. If Dr. Vahaviolos' employment terminates due to death or is terminated by us due to disability, he (or his beneficiary) is entitled to receive:

- an amount equal to his unpaid base salary earned through the date of termination, plus an amount equal to any business expenses that were previously incurred but not reimbursed and are otherwise eligible for reimbursement;
- any payments or benefits payable to him or his spouse or other dependents under any other company employee plan or program;
- a lump-sum payment in an amount equal to (a) his base salary for six months, plus (b) his unpaid short-term incentive award earned for the preceding year, plus (c) his target bonus for the preceding year, prorated for the number of days elapsed since the beginning of that year;
- immediate vesting of his option award to purchase 150,000 shares of our common stock granted under the terms of his employment agreement (the "initial option award") and any outstanding long-term incentive awards;
- continued participation by him and his spouse or other dependents in our group health plan, at the same benefit and contribution levels in effect immediately before the termination for 24 months or, if sooner, until similar coverage is obtained under a new employer's plan. If continued coverage is not permitted by our plan or applicable law, we will pay the cost of COBRA continuation coverage to the extent any of these persons elects and is entitled to receive COBRA continuation coverage; and
- continued payment by us for 24 months of the annual premium cost of his $1.5 million term life insurance policy (if his employment is terminated due to his disability).

Tax Gross-Up Payments. In the event Dr. Vahaviolos is subject to the federal excise tax on "excess parachute payments" for benefits he is entitled to under his employment agreement or otherwise from us, he is entitled to receive an amount necessary to offset the excise taxes and any related income taxes, penalties and interest.

Obligations of Dr. Vahaviolos. Payment and benefits under the employment agreement are subject to compliance by Dr. Vahaviolos with the restrictive covenants in the agreement, including non-disclosure, non-competition and non-solicitation covenants. The non-competition and non-solicitation covenants expire on the second anniversary of the termination of Dr. Vahaviolos' employment. The non-disclosure covenant does not expire. If Dr. Vahaviolos violates any of these covenants, he will not be entitled to further payments and benefits under the employment agreement and must repay us for the payments and the value of benefits previously received under the agreement. All payments or benefits under the employment agreement are conditioned on the execution of a general release of claims by Dr. Vahaviolos in favor of us, our affiliates, and our officers, directors and employees.

Principal and selling stockholders

The following table sets forth certain information regarding the beneficial ownership of our common stock and the shares beneficially owned by all selling stockholders as of , 2009, and as adjusted to reflect the sale of our common stock offered by this prospectus by:

- the executive officers named in the summary compensation table;
- each of our directors;
- all of our current directors and executive officers as a group;
- each stockholder known by us to own beneficially more than five percent of our common stock; and
- all selling stockholders.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Shares of common stock that may be acquired by an individual or group within 60 days of , 2009, pursuant to the exercise of options or warrants, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Percentage of ownership is based on shares of common stock outstanding on , 2009 which assumes the conversion of all outstanding shares of our Class A Convertible Redeemable Preferred Stock, Class B Convertible Redeemable Preferred Stock into shares of common stock and shares of common stock outstanding after the completion of this offering.

Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, based on information provided to us by such stockholders. The address for the directors and executive officers set forth below is 195 Clarksville Road, Princeton Junction, NJ 08550.

	Shares beneficially owned prior to this offering		Shares being sold in this offering	Shares beneficially owned after this offering, assuming no exercise of the over-allotment option		Shares beneficially owned after this offering, assuming full exercise of the over-allotment option	
Beneficial owner	**Number**	**Percent**	**Number**	**Number**	**Percent**	**Number**	**Percent**
Directors and Executive Officers							
Sotirios J. Vahaviolos(1) *Chairman, President, Chief Executive Officer and Director*		55.9%					

Beneficial owner	Shares beneficially owned prior to this offering		Shares being sold in this offering	Shares beneficially owned after this offering, assuming no exercise of the over-allotment option		Shares beneficially owned after this offering, assuming full exercise of the over-allotment option	
	Number	Percent	Number	Number	Percent	Number	Percent
Paul Peterik(2) *Chief Financial Officer and Secretary*		*					
Mark F. Carlos *Group Executive Vice President, Products and Systems*		*					
Phillip T. Cole *Group Executive Vice President, International*		*					
Michael J. Lange *Group Executive Vice President, Services, and Director*		3.0%					
Ralph L. Genesi *Group Executive Vice President , Marketing and Sales*		*					
Elizabeth Burgess(3) *Director*		*					
Daniel M. Dickinson(4) *Director*		*					
James J. Forese(4) *Director*		*					
Richard H. Glanton *Director*		*					
Manuel N. Stamatakis *Director*		*					
All directors and executive officers as a group (11 persons)		61.7%					

Beneficial owner	Shares beneficially owned prior to this offering		Shares being sold in this offering	Shares beneficially owned after this offering, assuming no exercise of the over-allotment option		Shares beneficially owned after this offering, assuming full exercise of the over-allotment option	
	Number	Percent	Number	Number	Percent	Number	Percent
Five Percent Stockholders							
Funds affiliated with Altus Capital Partners, Inc.(3) 10 Wright St., Suite 110 Westport, CT 06880		11.0%					
TC NDT Holdings, LLC(4) 1455 Pennsylvania Avenue, NW Washington, D.C. 20004		19.7%					
Other Selling Stockholders							
Robert J. Carroll		%					
Edward Lowenhar							
Richard Finlayson							
Samuel Ternowchek							
Pedro Feres Filho							
Jean-Claude Lenain							
Shigenori Yuyama							
Herman Schoorlemmer							
Michael Gynane							
Athanasia T. Vahaviolos							
Athanasios Anastasopoulos							
Jonathan Watson							
Charles J. Schulz Jr.							
Alain Proust							
Adrian A. Pollock							
Etienne De La Tullayec							

* Indicates beneficial ownership of less than 1% of the total outstanding common stock.

(1) Consists of shares of common stock and shares of Class B Convertible Redeemable Preferred Stock.

(2) Consists of shares of common stock Mr. Peterik has the right to acquire pursuant to outstanding options which are or will be immediately exercisable within 60 days of , 2009.

(3) Includes shares of Class B Convertible Redeemable Preferred Stock held by Altus Capital Partners, SBIC, L.P. and shares of Class B Convertible Redeemable Preferred Stock held by Altus-Mistras Co-Investment, LLC. The voting and disposition of the shares held by Altus Capital Partners, SBIC, L.P. is determined by an investment committee consisting of Russell Greenberg, Gregory Greenberg and Elizabeth Burgess, a member of our board of directors. The voting and disposition of the shares held by Altus-Mistras Co-Investment, LLC is determined by Russell Greenberg. Ms. Burgess disclaims beneficial ownership of all of these shares except to the extent of her pecuniary interest therein.

(4) Consists of shares of Class A Convertible Redeemable Preferred Stock and shares of Class B Convertible Redeemable Preferred Stock. Daniel M. Dickinson and James J. Forese, each a member of our board of directors, share voting and dispositive power over the shares held by TC NDT Holdings, LLC with five other members of an investment committee. Messrs. Dickinson and Forese disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein.

Certain relationships and related transactions

The following is a description of the transactions we have engaged in since June 1, 2006 with our directors and officers and beneficial owners of more than five percent of our voting securities and their affiliates.

Conversion of all preferred stock upon completion of this offering

Each share of our Class A and Class B Convertible Redeemable Preferred Stock is currently convertible into one share of our common stock. The conversion rate for each series of preferred stock is subject to (i) proportional adjustments for, among other things, stock splits and dividends, combinations, and recapitalizations, and (ii) formula-weighted-average adjustments in the event that we issue additional shares of common stock or securities convertible into or exercisable for common stock at a purchase price less than the price at which such series of preferred stock was issued and sold by us, subject to certain customary exceptions.

All shares of our Class A and Class B Convertible Redeemable Preferred Stock will automatically convert into shares of common stock upon completion of this offering. The following table sets forth the number of shares of common stock to be received by our officers, directors and security holders who beneficially own more than five percent of any class of our voting securities upon such conversion.

Name	Class A Convertible Redeemable Preferred Stock	Class B Convertible Redeemable Preferred Stock	Common Stock Issuable upon Conversion
Sotirios J. Vahaviolos	—	32,495	
Funds affiliated with Altus Capital Partners, Inc	—	174,418	
TC NDT Holdings, LLC	298,701	14,292	
Totals	298,701	221,205	

Registration rights

In connection with our Class B Convertible Redeemable Preferred Stock financing described above, we entered into an amended and restated investor rights agreement with our preferred stockholders, including Dr. Vahaviolos, our Chairman, President and Chief Executive Officer, and entities affiliated with Ms. Burgess, Mr. Dickinson and Mr. Forese, our directors. Pursuant to this agreement, we granted such stockholders certain registration rights with respect to shares of our common stock issuable upon conversion of the shares of the preferred stock held by them. For more information regarding this agreement, please refer to the section titled “Description of Capital Stock — Registration Rights.”

This is not a complete description of the amended and restated investor rights agreement and is qualified by the full text of the amended and restated investor rights agreement filed as an exhibit to the registration statement of which this prospectus is a part.

Acquisition of Envirocoustics A.B.E.E.

On April 25, 2007, our wholly owned subsidiary, Physical Acoustics Ltd., acquired 99% of the outstanding shares of Envirocoustics A.B.E.E., a company incorporated under the laws of Greece, which was majority-owned by Dr. Vahaviolos, our Chairman, President and Chief Executive Officer. In consideration for his shares of Envirocoustics A.B.E.E., Dr. Vahaviolos received approximately $400,000 in cash and was issued 18,000 shares of our Class B Convertible Redeemable Preferred Stock, which our board of directors determined had an approximate fair market value of $50 per share.

On or about May 1, 2007, Envirocoustics A.B.E.E entered into an employment agreement with the daughter of Dr. Vahaviolos, our Chairman, President and Chief Executive Officer., pursuant to which she serves as Vice President and Managing Director of Envirocoustics A.B.E.E. The employment agreement provides for a monthly salary in the amount of approximately $8,900 and other compensation, including incentive bonuses, plus travel and other expenses. During fiscal 2009, Dr. Vahaviolos' daughter received approximately $143,000 in total compensation and benefits.

Leases

We lease our headquarters, located at 195 Clarksville Road, Princeton Junction, New Jersey, from an entity majority owned by Dr. Vahaviolos, our Chairman, President and Chief Executive Officer. The lease currently provides for monthly payments of $61,685 (which increases annually to a maximum of $71,882) and terminates on October 31, 2014.

Our wholly owned subsidiary, Euro Physical Acoustics, leases office space located at 27 Rue Magellan, Sucy-en-Brie, France, which is partly owned by Dr. Vahaviolos, our Chairman, President and Chief Executive Officer. The lease provides for monthly payments of $15,719 and terminates January 12, 2016.

Employment and indemnification arrangements with our executive officers and directors

We have an employment agreement with Dr. Vahaviolos and we may enter into employment agreements with our other named executive officers after this offering. In addition, we will enter into indemnification agreements with our directors and officers. The indemnification agreements and our second amended and restated certificate of incorporation and amended and restated bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law. For more information on Dr. Vahaviolos' employment agreement, please see "Management—Vahaviolos employment agreement" and — Potential payments upon termination of employment or a change of control."

Policy for approval of related person transactions

We have adopted a formal policy that our executive officers, directors, and principal stockholders, including their immediate family members and affiliates, are not permitted to enter into a related party transaction with us without the prior consent of our audit committee, or other independent members of our board of directors in the case it is inappropriate for our audit committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, principal stockholder, or any of such

persons' immediate family members or affiliates, in which the amount involved exceeds $120,000, must first be presented to our audit committee for review, consideration and approval. All of our directors, executive officers and employees are required to report to our audit committee any such related party transaction. In approving or rejecting the proposed agreement, our audit committee shall consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director's independence. Our audit committee shall approve only those agreements that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our audit committee determines in the good faith exercise of its discretion. All of the transactions described above were entered into prior to the adoption of this policy. Upon completion of this offering, we will post this related party transaction policy on our website.

Description of capital stock

Under our second amended and restated certificate of incorporation that will be in effect upon the completion of this offering, our authorized capital stock will consist of shares of common stock, $0.01 par value per share, and shares of authorized but undesignated preferred stock, $0.01 par value per share. The following description summarizes the most important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description you should refer to our second amended and restated certificate of incorporation and amended and restated bylaws, effective upon completion of this offering, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, and to the applicable provisions of the Delaware General Corporation Law.

Common stock

As of , 2009, we had shares of common stock issued and outstanding, held by stockholders of record, and there were outstanding options to purchase shares of common stock.

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders and do not have cumulative voting rights. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for dividend payments. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon completion of this offering will be fully paid and nonassessable. The holders of common stock have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any liquidation, dissolution or winding-up of our affairs, holders of common stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of preferred stock, if any.

Preferred stock

After giving effect to this offering, we will have no shares of preferred stock outstanding.

Preferred stock, if issued, would have priority over the common stock with respect to dividends and other distributions, including the distribution of assets upon liquidation. Our board of directors has the authority, without further stockholder authorization, to issue from time to time shares of preferred stock in one or more series and to fix the terms, limitations, relative rights and preferences, and variations of each series. Although we have no present plans to issue any shares of preferred stock, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could decrease the amount of earnings and assets available for distribution to the holders of common stock, could adversely affect the rights and powers, including voting rights, of the common stock, and could have the effect of delaying, deterring, or preventing a change of control of us or an unsolicited acquisition proposal.

Registration rights

The holders of shares of our common stock issued upon conversion of the preferred stock outstanding prior to the completion of this offering, or their permitted transferees, are entitled to rights with respect to the registration of these shares under the Securities Act. These rights are provided under the terms of an amended and restated registration rights agreement between us and the holders of these shares, and include demand registration rights, short form registration rights and piggyback registration rights. We are generally required to pay all expenses incurred in connection with registrations effected in connection with the following rights, including expenses of counsel to the registering security holders up to $35,000. All underwriting discounts and selling commissions will be borne by the holders of the shares being registered.

Demand registration rights. Subject to specified limitations, the holders a majority of these registrable securities may require that we register all or a portion of these securities for sale under the Securities Act, if the anticipated gross receipts from the sale of such securities are at least $2.5 million. Stockholders with these registration rights who are not part of an initial registration demand are entitled to notice and are entitled to include their shares of common stock in the registration. We are required to effect only two registrations pursuant to this provision of the registration agreement. We are not required to effect a demand registration prior to 90 days after the completion of this offering.

Short form registration rights. If we become eligible to file registration statements on Form S-3, subject to specified limitations, the holders of not less than 25% of these registrable securities can require us to register all or a portion of its registrable securities on Form S-3, if the anticipated aggregate offering price of such securities is at least $500,000. We may not be required to effect more than two such registrations in any 12-month period. Stockholders with these registration rights who are not part of an initial registration demand are entitled to notice and are entitled to include their shares of common stock in the registration.

Piggyback registration rights. If at any time we propose to register any of our equity securities under the Securities Act, other than in connection with (i) a demand registration described above, (ii) a registration relating solely to our stock option plans or other employee benefit plans or (iii) a registration relating solely to a business combination or merger involving us, the holders of these registrable securities are entitled to notice of such registration and are entitled to include their shares of capital stock in the registration. The underwriters, if any, may limit the number of shares included in the underwritten offering if they believe that including these shares would adversely affect the offering. These piggyback registration rights are subject to the limitations set forth in the lock-up agreements entered into by substantially all of the holders of these registrable securities in connection with this offering, as described below in the section entitled “Shares Eligible for Future Sale.”

Compliance with governance rules of the New York Stock Exchange

The New York Stock Exchange has adopted rules that provide that listed companies of which more than 50% of the voting power is held by a single person or a group of persons are not required to comply with certain corporate governance rules and requirements. In particular, such a “controlled company” may elect to be exempt from certain rules that require a majority of the board of directors of companies listed on the New York Stock Exchange to be independent, as defined by these rules, and which mandate independent director representation on certain

committees of the board of directors. In addition, for listed companies other than "controlled companies," the New York Stock Exchange requires:

- that a company listed on that market must have an audit committee comprised of at least three members all of whom are independent under the rules of the applicable exchange and that is otherwise in compliance with the rules established for audit committees of public companies under the Securities Exchange Act of 1934, as amended;
- that director nominees must be selected, or recommended to the board of directors for selection, by a majority of directors who are independent under the rules of the applicable exchange, or a nominations committee comprised solely of independent directors with a written charter or board resolution addressing the nomination process; and
- that compensation for executive officers must be determined, or recommended to the board of directors for determination, by a majority of independent directors or a nominations committee comprised solely of independent directors.

Upon the completion of this offering, we do not expect to avail ourselves of the controlled company exceptions.

Anti-takeover effects of our second amended and restated certificate of incorporation and bylaws and of Delaware law

Certain provisions of Delaware law, our second amended and restated certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, may have the effect of discouraging coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquiror outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock. As discussed above, our board of directors has the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Inability of Stockholders to Act by Written Consent. We have provided in our second amended and restated certificate of incorporation that our stockholders may not act by written consent. This limit on the ability of our stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws.

Calling of Special Meetings of Stockholders. Our bylaws provide that special meetings of the stockholders may be called by the Chairman of the Board, the Chief Executive Officer or by the board of directors acting pursuant to a resolution adopted by a majority of the members. Additionally, our bylaws provide that only stockholders entitled to cast not less than 35% of all the votes entitled to be cast at a special meeting of stockholders can require the Secretary to call such a special meeting, subject to the satisfaction of certain procedural and informational

requirements. These provisions may impair or prevent smaller stockholders from forcing consideration of a proposal, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. However, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. Any proposed business other than the nomination of persons for election to our board of directors must constitute a proper matter for stockholder action pursuant to the notice of meeting delivered to us. For notice to be timely, it must be received by our secretary not later than 90 nor earlier than 120 calendar days prior to the first anniversary of the previous year's annual meeting (or if the date of the annual meeting is advanced more than 30 calendar days or delayed by more than 60 calendar days from such anniversary date, not later than 90 nor earlier than 120 calendar days prior to such meeting or the 10th calendar day after public disclosure of the date of such meeting is first made). These provisions may also discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of our company.

Board Vacancies Filled Only by Majority of Directors Then in Office. Vacancies and newly created seats on our board may be filled only by our board of directors. Only our board of directors may determine the number of directors on our board. The inability of stockholders to determine the number of directors or to fill vacancies or newly created seats on the board makes it more difficult to change the composition of our board of directors.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our second amended and restated certificate of incorporation provides otherwise. Our second amended and restated certificate of incorporation expressly prohibits cumulative voting.

Directors Removed Only for Cause. Our second amended and restated certificate of incorporation provides that directors may be removed by stockholders only for cause.

Delaware Anti-Takeover Statute. We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- Prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- Upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- On or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of Delaware law, our second amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Listing

We have applied to list our common stock on the New York Stock Exchange under the symbol "MG."

Transfer agent and registrar

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company. The transfer agent's postal address is 59 Maiden Lane, Plaza Level, New York, NY 10038 and its telephone numbers for stockholder services are (800) 937-5449 and (718) 921-8124.

Shares eligible for future sale

Prior to this offering, there was no market for our common stock. We can make no predictions as to the effect, if any, that sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of significant amounts of our common stock in the public market, or the perception that those sales may occur, could adversely affect prevailing market prices and impair our future ability to raise capital through the sale of our equity at a time and price we deem appropriate.

Upon completion of this offering, shares of common stock will be outstanding, based on shares outstanding as of May 31, 2009 and the issuance of shares of common stock upon the automatic conversion of all of the outstanding shares of our preferred stock upon the completion of this offering. The number of shares of common stock to be outstanding upon completion of this offering:

- gives effect to a -for- stock split of our common stock, which will be effective immediately prior to this offering;
- excludes shares of common stock issuable upon the exercise of stock options outstanding as of May 31, 2009 at a weighted average exercise price of $ per share;
- excludes shares of common stock reserved for future grants or awards from time to time under our 2009 Long-Term Incentive Plan; and
- assumes no exercise by the underwriters of their option to purchase up to additional shares of common stock from us.

Of these shares, shares (or in the event the underwriters' option to purchase additional shares is exercised in full, shares) of our common stock sold in this offering will be freely tradable without restriction under the Securities Act, except for any shares of our common stock purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, which would be subject to the limitations and restrictions described below. The remaining shares of our common stock outstanding upon completion of this offering are deemed "restricted securities," as that term is defined under Rule 144 of the Securities Act.

Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 under the Securities Act, which rules are described below.

Rule 144

In general, under Rule 144 as currently in effect, a person, or persons whose shares must be aggregated, who is deemed to be our affiliate under Rule 144 and who has beneficially owned restricted shares of our common stock for at least six months (or one year if at such time 90 days or less have passed since the date of this prospectus) is entitled to sell within any three-month period a number of shares that does not exceed the greater of the following:

- one percent of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering, or
- the average weekly trading volume of our common stock on the New York Stock Exchange during the four calendar weeks preceding the date of filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates are also generally subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

A person, or persons whose shares must be aggregated, who is not deemed to be our affiliate under Rule 144 and who has beneficially owned restricted shares of our common stock for at least six months (or one year if at such time 90 days or less have passed since the date of this prospectus) is entitled to sell an unlimited number of shares, subject to the availability of current public information about us. A person who is not deemed to be our affiliate and who has beneficially owned restricted shares of our common stock for at least one year is entitled to sell an unlimited number of shares without complying with the current public information or any other requirements of Rule 144.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction before the effective date of this offering that was completed in reliance on Rule 701 and complied with the requirements of Rule 701 will, subject to the lock-up restrictions described below, be eligible to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

Lock-up agreements

Our officers and directors, and , who will collectively hold after this offering shares of common stock, have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives of the underwriters for a period of 180 days after the date of this prospectus subject to extension under certain circumstances.

Registration of shares in connection with equity incentive plans

We intend to file a registration statement on Form S-8 under the Securities Act covering shares of common stock to be issued pursuant to our 2009 Long-Term Incentive Plan. Based on the number of shares reserved for issuance under these plans, the registration statement would cover approximately shares in total. The registration statement will become effective upon filing. Accordingly, shares of common stock registered under the registration statement on Form S-8 will be available for sale in the open market immediately, subject to complying with Rule 144 volume limitations applicable to affiliates, applicable lock-up agreements and the vesting requirements and restrictions on transfer affecting any shares that are subject to restricted stock awards.

Certain material U.S. federal tax consequences for non-U.S. holders of common stock

Each prospective purchaser of common stock is advised to consult a tax advisor with respect to current and possible future tax consequences of purchasing, owning and disposing of our common stock as well as any tax consequences that may arise under the laws of any U.S. state, municipality or other taxing jurisdiction.

The following discussion is a general summary of the material U.S. federal income tax consequences of the ownership and disposition of our common stock applicable to "Non-U.S. Holders." As used herein, a Non-U.S. Holder means a beneficial owner of our common stock that is neither a U.S. person nor a partnership for U.S. federal income tax purposes, and that will hold shares of our common stock as capital assets. For U.S. federal income tax purposes, a U.S. person includes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income regardless of source; or
- a trust that (A) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons, or (B) otherwise has validly elected to be treated as a U.S. domestic trust for U.S. federal income tax purposes.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the U.S. federal income tax treatment of each partner generally will depend on the status of the partner and the activities of the partnership and the partner. Partnerships acquiring our common stock, and partners in such partnerships, should consult their own tax advisors with respect to the U.S. federal income tax consequences of the ownership and disposition of our common stock.

This summary does not consider specific facts and circumstances that may be relevant to a particular Non-U.S. Holder's tax position and does not consider U.S. state and local or non-U.S. tax consequences. It also does not consider Non-U.S. Holders subject to special tax treatment under the U.S. federal income tax laws (including partnerships or other pass-through entities, banks and insurance companies, dealers in securities, holders of our common stock held as part of a "straddle," "hedge," "conversion transaction" or other risk-reduction transaction, controlled foreign corporations, passive foreign investment companies, companies that accumulate earnings to avoid U.S. federal income tax, foreign tax-exempt organizations, former U.S. citizens or residents, persons who hold or receive common stock as compensation and persons subject to the alternative minimum tax). This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended (the Code), applicable final, temporary and proposed Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service (IRS) and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, and different interpretations.

This summary is included herein as general information only. Accordingly, each prospective Non-U.S. Holder is urged to consult its own tax advisor with respect to the U.S. federal, state,

local and non-U.S. income, estate and other tax consequences of owning and disposing of our common stock.

U.S. Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale or other taxable disposition of our common stock will be considered to be "U.S. trade or business income" if such income or gain is (i) effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the United States and (ii) in the case of a Non-U.S. Holder that is eligible for the benefits of an income tax treaty with the United States, attributable to a permanent establishment (or, for an individual, a fixed base) maintained by the Non-U.S. Holder in the United States. Generally, U.S. trade or business income is not subject to U.S. federal withholding tax (provided the Non-U.S. Holder complies with applicable certification and disclosure requirements); instead, U.S. trade or business income is subject to U.S. federal income tax on a net income basis at regular U.S. federal income tax rates in the same manner as a U.S. person, unless an applicable income tax treaty provides otherwise. Any U.S. trade or business income received by a corporate Non-U.S. holder may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Dividends

Distributions of cash or property that we pay will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). A Non-U.S. Holder generally will be subject to U.S. federal withholding tax at a 30% rate, or, if the Non-U.S. Holder is eligible, at a reduced rate prescribed by an applicable income tax treaty, on any dividends received in respect of our common stock. If the amount of a distribution exceeds our current and accumulated earnings and profits, such excess first will be treated as a tax-free return of capital to the extent of the Non-U.S. Holder's tax basis in our common stock (with a corresponding reduction in such Non-U.S. Holder's tax basis in our common stock), and thereafter will be treated as capital gain. In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN certifying under penalties of perjury its entitlement to benefits under the treaty. Special certification requirements and other requirements apply to certain Non-U.S. Holders that are entities rather than individuals. A Non-U.S. Holder of our common stock that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS on a timely basis. A Non-U.S. Holder should consult its own tax advisor regarding its possible entitlement to benefits under an income tax treaty and the filing of a U.S. tax return for claiming a refund of U.S. federal withholding tax.

The U.S. federal withholding tax does not apply to dividends that are U.S. trade or business income, as defined and discussed above, of a Non-U.S. Holder who provides a properly executed IRS Form W-8ECI, certifying under penalties of perjury that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Dispositions of Our Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale or other disposition of our common stock unless:

- the gain is U.S. trade or business income, as defined and discussed above;
- the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of the disposition and meets other conditions; or
- we are or have been a "U.S. real property holding corporation" (a "USRPHC") under section 897 of the Code at any time during the shorter of the five-year period ending on the date of disposition and the Non-U.S. Holder's holding period for our common stock.

In general, a corporation is a USRPHC if the fair market value of its "U.S. real property interests" (as defined in the Code and applicable Treasury regulations) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. If we are determined to be a USRPHC, the U.S. federal income and withholding taxes relating to interests in USRPHCs nevertheless will not apply to gains derived from the sale or other disposition of our common stock by a Non-U.S. Holder whose shareholdings, actual and constructive, at all times during the applicable period, amount to 5% or less of our common stock, provided that our common stock is regularly traded on an established securities market, within the meaning of the applicable Treasury regulations. We are not currently a USRPHC, and we do not anticipate becoming a USRPHC in the future. However, no assurance can be given that we will not be a USRPHC, or that our common stock will be considered regularly traded on an established securities market, when a Non-U.S. Holder sells its shares of our common stock.

Federal Estate Tax

If you are an individual, common stock held at the time of your death will be included in your gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding Tax

We must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax, or that is exempt from such withholding tax pursuant to an income tax treaty. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation (currently at a rate of 28%) on certain reportable payments. Dividends paid to a Non-U.S. Holder of our common stock generally will be exempt from backup withholding if the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or otherwise establishes an exemption.

The payment of the proceeds from the disposition of our common stock to or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless the holder certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the holder is a U.S. person or that the conditions of any

other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of our common stock to or through a non-U.S. office of a non-U.S. broker is one that will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a "U.S. related person"). In the case of the payment of the proceeds from the disposition of our common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person, the Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the holder is a Non-U.S. Holder and the broker has no knowledge to the contrary. Non-U.S. Holders should consult their own tax advisors on the application of information reporting and backup withholding to them in their particular circumstances (including upon their disposition of our common stock).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, if the Non-U.S. Holder provides the required information to the IRS on a timely basis. Non-U.S. Holders should consult their own tax advisors regarding the filing of a U.S. tax return for claiming a refund of such backup withholding.

Underwriting

Under the terms and subject to the conditions contained in an underwriting agreement dated , 2009, we and the selling stockholders have agreed to sell to the underwriters named below, for whom J.P. Morgan Securities Inc., Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of shares
J.P. Morgan Securities Inc.	
Credit Suisse Securities (USA) LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Robert W. Baird & Co.	
Total	

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We and the selling stockholders have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares from us and an aggregate of additional shares from the selling stockholders at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we and the selling stockholders will pay:

	Per share		Total	
	Without over-allotment	With over-allotment	Without over-allotment	With over-allotment
Underwriting discounts and commissions paid by us	$	$	$	$
Expenses payable by us	$	$	$	$
Underwriting discounts and commissions paid by selling stockholders	$	$	$	$
Expenses payable by the selling stockholders	$	$	$	$

The representatives have informed us that they do not expect sales to accounts over which they have discretionary authority to exceed 5% of the shares of common stock being offered.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the representatives waive, in writing, such an extension.

Our officers and directors and existing stockholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the representatives waive, in writing, such an extension.

The underwriters have reserved for sale at the initial public offering price up to shares of common stock for employees, directors and other persons associated with us who have expressed an interest in purchasing common stock in the offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.

Each person buying shares through the directed share program will agree that, for a period of 25 days from the date of this prospectus, he or she will not, without the prior written consent of J.P. Morgan Securities Inc., dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock with respect to shares purchased in the program.

When determining whether to release any of our shares of common stock from lock-up agreements or whether to consent to any waiver of transfer restrictions, the representatives will consider, among other factors, the holder's reasons for requesting the waiver, the number of shares of common stock for which the release is being requested and market conditions at the time.

We and the selling stockholders have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

We have applied to list the shares of common stock on the New York Stock Exchange.

Certain of the underwriters and their respective affiliates have from time to time performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us and for our affiliates in the ordinary course of business for which they have received and would receive customary compensation. Bank of America, N.A., an affiliate of Banc of America Securities LLC, is the administrative agent, a lender and lead arranger under our credit agreement and has received customary compensation in such capacities. JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities Inc., is a lender and co-lead arranger under our credit agreement and has received customary compensation in such capacities.

Prior to the offering, there has been no market for our common stock. The initial public offering price will be determined by negotiation between us and the underwriters and will not necessarily reflect the market price of the common stock following the offering. The principal factors that will be considered in determining the public offering price will include:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of and the prospects for the industry in which we will compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development and our current financial condition;
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies; and
- the general condition of the securities markets at the time of the offering.

We offer no assurances that the initial public offering price will correspond to the price at which the common stock will trade in the public market subsequent to this offering or that an active trading market for the common stock will develop and continue after the offering.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934 (the “Exchange Act”).

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") an offer of the shares of common stock to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the shares of common stock which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any shares of common stock may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in the Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000, and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the manager for any such offer; or
- in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Shares to the public" in relation to any shares of the common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe the shares of common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Notice to investors in the United Kingdom

Our shares of common stock may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done in relation to our common stock in, from or otherwise involving the United Kingdom.

In addition:

- an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 20000) has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in connection with the issue or sale of the shares of common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

- all applicable provisions of the FSMA have been complied with and will be complied with, with respect to anything done in relation to the shares of common stock in, from or otherwise involving the United Kingdom.

Notice to residents of Germany

Each person who is in possession of this prospectus is aware of the fact that no German sales prospectus (Verkaufsprospekt) within the meaning of the Securities Sales Prospectus Act (Wertpapier-Verkaufsprospektgesetz, the "Act") of the Federal Republic of Germany has been or will be published with respect to our shares of common stock. In particular, each underwriter has represented that it has not engaged and has agreed that it will not engage in a public offering (öffentliches Angebot) within the meaning of the Act with respect to any of our shares of common stock otherwise than in accordance with the Act and all other applicable legal and regulatory requirements.

Notice to prospective investors in Switzerland

This document as well as any other material relating to the shares which are the subject of the offering contemplated by this Prospectus (the "Shares") do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The Shares will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the Shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange.

The Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Shares with the intention to distribute them to the public. The investors will be individually approached by the Issuer from time to time.

This document as well as any other material relating to the Shares is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the Issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to prospective investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

Notice to Canadian residents

The distribution of the shares of common stock in Canada is being made only on a private placement basis exempt from the requirement that we and the selling stockholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of the shares of common stock are made. Any resale of the shares of common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the shares of common stock.

Representations of purchasers

By purchasing the shares of common stock in Canada and accepting a purchase confirmation, a purchaser is representing to us and the selling stockholders and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the shares of common stock without the benefit of a prospectus qualified under those securities laws,
- where required by law, that the purchaser is purchasing as principal and not as agent,
- the purchaser has reviewed the text above under Resale Restrictions, and
- the purchaser acknowledges and consents to the provision of specified information concerning its purchase of the shares of common stock to the regulatory authority that by law is entitled to collect the information.

Further details concerning the legal authority for this information is available on request.

Rights of action — Ontario purchasers only

Under Ontario securities legislation, certain purchasers who purchase a security offered by this prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the shares of common stock, for rescission against us and the selling stockholders in the event that this prospectus contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the shares of common stock. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the shares of common stock. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us or the selling stockholders. In no case will the amount recoverable in any action exceed the price at which the shares of common stock were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we and the selling stockholders will have no liability. In the case of an action for damages, we and the selling stockholders will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the shares of common stock as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an

Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of legal rights

All of our directors and officers as well as the experts named herein and the selling stockholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and eligibility for investment

Canadian purchasers of the shares of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the shares of common stock in their particular circumstances and about the eligibility of the shares of common stock for investment by the purchaser under relevant Canadian legislation.

Legal matters

The validity of the issuance of the common stock to be sold in this offering will be passed upon for us by Fulbright & Jaworski L.L.P., New York, New York. The underwriters have been represented by Cravath, Swaine & Moore LLP, New York, New York.

Experts

The audited financial statements as of May 31, 2009 and 2008 and for each of the three years ended May 31, 2009 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of such firm as experts in auditing and accounting.

Where you can find more information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered by this prospectus. This prospectus, which is part of the registration statement, omits certain information, exhibits, schedules, and undertakings set forth in the registration statement. For further information pertaining to us and our common stock, reference is made to the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents or provisions of any documents referred to in this prospectus are not necessarily complete, and in each instance where a copy of the document has been filed as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the matters involved.

You may read and copy all or any portion of the registration statement without charge at the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of the registration statement may be obtained from the SEC at prescribed rates from the public reference room of the SEC at such address. You may obtain information regarding the operation of the public reference room by calling 1-800-SEC-0330. In addition, registration statements and certain other filings made with the SEC electronically are publicly available through the SEC's website at *www.sec.gov*. The registration statement, including all exhibits and amendments to the registration statement, has been filed electronically with the SEC.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act and, accordingly, will file annual reports containing financial statements audited by an independent public accounting firm, quarterly reports containing unaudited financial data, current reports, proxy statements and other information with the SEC. You will be able to inspect and copy such periodic reports, proxy statements, and other information at the SEC's public reference room, and the website of the SEC referred to above.

Index to financial statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Mistras Group, Inc. and Subsidiaries

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows present fairly, in all material respects, the financial position of Mistras Group, Inc. and subsidiaries (the "Company") at May 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 16 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions beginning on June 1, 2007.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, NJ

August 24, 2009

Mistras Group, Inc. and Subsidiaries

Consolidated balance sheets
as of May 31, 2009 and 2008

(in thousands, except for share and per share information)	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,668	$ 3,555
Accounts receivable, net	39,153	32,772
Inventories, net	11,509	10,644
Deferred income taxes	1,593	936
Prepaid expenses and other current assets	5,747	1,434
Total current assets	63,670	49,341
Property, plant and equipment, net	33,592	26,511
Intangible assets, net	11,949	11,552
Goodwill	38,642	28,627
Other assets	3,421	3,791
Total assets	$ 151,274	$ 119,822
LIABILITIES, PREFERRED STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Current portion of long-term debt	$ 14,390	$ 7,469
Current portion of capital lease obligations	4,981	3,932
Accounts payable	2,797	4,774
Accrued expenses and other current liabilities	18,340	12,413
Income taxes payable	3,600	1,808
Total current liabilities	44,108	30,396
Long-term debt, net of current portion	51,861	40,801
Obligations under capital leases, net of current portion	9,544	7,910
Deferred income taxes	1,199	—
Other long-term liabilities	1,246	1,263
Total liabilities	107,958	80,370
Commitments and contingencies (Notes 11, 13, 14 and 15)		
Minority interest	245	58
Preferred stock, 1,000,000 shares authorized		
Class B Convertible Redeemable Preferred Stock, $0.01 par value, 221,205 shares issued and outstanding	38,710	12,810
Class A Convertible Redeemable Preferred Stock, $0.01 par value, 298,701 shares, issued and outstanding	52,273	51,059
Total preferred stock	90,983	63,869
Stockholders' (deficit) equity		
Common stock, $0.01 par value, 2,000,000 shares authorized, 1,000,000 shares issued and outstanding	10	10
Additional paid-in capital	1,037	845
(Accumulated deficit) retained earnings	(47,376)	(25,728)
Accumulated other comprehensive income	(1,583)	398
Total stockholders' (deficit) equity	(47,912)	(24,475)
Total liabilities, preferred stock and stockholders' (deficit) equity	$ 151,274	$ 119,822

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

Mistras Group, Inc. and Subsidiaries

Consolidated statements of operations
years ended May 31, 2009, 2008 and 2007

(in thousands, except for share and per share information)	2009	2008	2007
Revenues:			
Services	$ 190,637	$ 134,183	$ 107,245
Products	18,496	18,085	14,996
Total revenues	209,133	152,268	122,241
Cost of revenues:			
Cost of services revenues	123,336	83,623	69,731
Cost of products revenues	7,831	6,967	5,971
Depreciation of services	7,860	6,167	4,133
Depreciation of products	840	680	533
Total cost of revenues	139,867	97,437	80,368
Gross profit	69,266	54,831	41,873
Selling, general and administrative expenses	47,150	32,943	26,408
Research and engineering	1,255	954	703
Depreciation and amortization	3,936	4,576	4,025
Legal settlement	2,100	—	—
Income from operations	14,825	16,358	10,737
Other expenses			
Interest expense	4,614	3,531	4,482
Loss on extinguishment of long-term debt	—	—	460
Income before provision for income taxes and minority interest	10,211	12,827	5,795
Provision for income taxes	4,558	5,380	208
Income before minority interest	5,653	7,447	5,587
Minority interest, net of taxes	(187)	(8)	(199)
Net income	5,466	7,439	5,388
Accretion of preferred stock	(27,114)	(32,872)	(3,520)
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868
(Loss) earnings per common share:			
Basic	$ (21.65)	$ (25.43)	$ 1.88
Diluted	(21.65)	(25.43)	1.85
Weighted average common shares outstanding:			
Basic	1,000,000	1,000,000	991,348
Diluted	1,000,000	1,000,000	1,007,803

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

Mistras Group, Inc. and Subsidiaries

Consolidated statements of stockholders' equity (deficit)
years ended May 31, 2009, 2008 and 2007

(in thousands, except for share and per share information)	Common stock Shares	Amount	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (Loss)	Total	Comprehensive income (loss)
Balance at May 31, 2006	978,500	$ 1	$ 519	$ (1,599)	$ (247)	$ (1,326)	
Accretion of preferred stock	—	—	—	(3,520)	—	(3,520)	
Net income	—	—	—	5,388	—	5,388	$ 5,388
Foreign currency translation adjustment	—	—	—	—	344	344	344
Exercise of stock options	21,500	—	17	—	—	17	
Balance at May 31, 2007	1,000,000	1	536	269	97	903	$ 5,732
Accretion of preferred stock	—	—	—	(32,872)	—	(32,872)	
Net income	—	—	—	7,439	—	7,439	$ 7,439
Foreign currency translation adjustment	—	—	—	—	301	301	301
Stock compensation	—	—	318	—	—	318	
Adoption of accounting pronouncement	—	—	—	(564)	—	(564)	
Other	—	9	(9)	—	—	—	
Balance at May 31, 2008	1,000,000	10	845	(25,728)	398	(24,475)	$ 7,740
Accretion of preferred stock	—	—	—	(27,114)	—	(27,114)	
Net income	—	—	—	5,466	—	5,466	$ 5,466
Foreign currency translation adjustment	—	—	—	—	(1,981)	(1,981)	(1,981)
Stock compensation	—	—	192	—	—	192	
Balance at May 31, 2009	1,000,000	$ 10	$ 1,037	$ (47,376)	$ (1,583)	$ (47,912)	$ 3,485

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

Mistras Group, Inc. and Subsidiaries

Consolidated statements of cash flows
years ended May 31, 2009, 2008 and 2007

(in thousands, except share data)	2009	2008	2007
Cash flows from operating activities			
Net income	$ 5,466	$ 7,439	$ 5,388
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	12,636	11,423	8,691
Deferred income taxes	146	329	(1,265)
Provision for doubtful accounts	2,097	376	555
Loss on extinguishment of long-term debt	—	—	460
Loss (gain) on sale of assets disposed	(34)	(114)	110
Amortization of deferred financing costs	196	105	188
Stock compensation expense	192	318	—
Non cash interest rate swap	161	598	(43)
Minority interest	187	8	199
Unrealized foreign currency (gain) loss	(213)	—	—
Changes in operating assets and liabilities, net of effect of acquisitions			
Accounts receivable	(8,849)	(9,226)	(2,259)
Inventories	(887)	(1,802)	(267)
Prepaid expenses and other current assets	(1,119)	(1,997)	473
Other assets	373	(990)	(1,034)
Accounts payable	(2,225)	2,203	53
Income taxes payable	(1,442)	46	1,235
Accrued expenses and other current liabilities	5,976	4,135	1,522
Net cash provided by operating activities	12,661	12,851	14,006
Cash flows from investing activities			
Payment for purchase of property, plant and equipment	(5,367)	(3,718)	(2,561)
Payment for purchase of intangible asset	(346)	(712)	—
Acquisition of businesses	(10,464)	(15,535)	(2,031)
Proceeds from sale of equipment	289	519	333
Net cash used in investing activities	(15,888)	(19,446)	(4,259)
Cash flows from financing activities			
Repayment of capital lease obligations	(4,825)	(3,605)	(2,381)
Repayments of long-term debt	(12,332)	(3,219)	(23,374)
Net borrowings from (payments) revolver	2,360	13,144	(8,142)
Borrowings from long-term debt	20,000	—	26,250
Debt issuance costs	(291)	—	(492)
Proceeds from exercise of stock options	—	—	17
Net cash provided by (used in) financing activities	4,912	6,320	(8,122)
Effect of exchange rate changes on cash	428	63	166
Net change in cash and cash equivalents	2,113	(212)	1,791
Cash and cash equivalents			
Beginning of year	3,555	3,767	1,976
End of year	$ 5,668	$ 3,555	$ 3,767
Supplemental disclosure of cash paid			
Interest	$ 4,031	$ 2,974	$ 4,170
Income taxes	6,510	4,814	879
Noncash investing and financing			
Equipment acquired through capital lease obligations	7,485	5,021	4,557
Issuance of notes payable and other debt obligations primarily related to acquisitions	9,289	12,463	1,360
Issuance of preferred stock in acquisitions	—	—	900

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

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements
years ended May 31, 2009, 2008 and 2007
(in thousands, except per share data)

1. Description of business and basis of presentation

Description of business

Mistras Group, Inc. (formerly Mistras Holdings Corp.) and subsidiaries (the “Company”) is a leading global provider of proprietary, technology-enabled, asset protection solutions, which combine the skill and experience of certified technicians, engineers and scientists with non-destructive testing (NDT), mechanical integrity services, and plant conditioning monitoring software and systems (PCMS), to evaluate the structural integrity of critical energy, industrial and public infrastructure. The Company serves a global customer base, including companies in the oil and gas, power generation and transmission, public infrastructure, chemicals, aerospace and defense, transportation, primary metals and metalworking, pharmaceuticals and food processing industries.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Mistras Group, Inc. and its wholly or majority-owned subsidiaries: Quality Service Laboratories, Inc., CONAM Inspection & Engineering Services, Inc. (“Conam”) (merged into Mistras Group, Inc. on May 31, 2009), Cismis Springfield Corp., Euro Physical Acoustics, S.A., Nippon Physical Acoustics Ltd., Physical Acoustics South America, Diapac Company, Mistras Canada, Inc. and Physical Acoustics Ltd. and its wholly or majority-owned subsidiaries, Physical Acoustics India Private Ltd., Physical Acoustics B.V. and Envirocoustics A.B.E.E. (“Envac”). Where the Company’s ownership interest is less than 100%, the minority ownership interests are reported in the accompanying consolidated balance sheets. The minority ownership interest in net income, net of tax, is classified separately in the accompanying consolidated statement of operations.

On April 25, 2007, Physical Acoustics Ltd. acquired 99% of the outstanding shares of Envac. Prior to this acquisition and for the year ended May 31, 2007, the Company was the primary beneficiary of Envac, which qualified as an implied variable interest entity under FIN 46R. Accordingly, the revenues and expenses of Envac have been included in the accompanying consolidated statement of operations beginning in fiscal 2007 and the assets and liabilities are included in the consolidated balance sheets.

All significant intercompany accounts and transactions have been eliminated in consolidation. All foreign subsidiaries’ reporting year ends are April 30, while Mistras Group and the domestic subsidiaries year ends are May 31. The effect of this difference in timing of reporting foreign operations on the consolidated results of operations and consolidated financial position is not significant.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Reclassification

Certain amounts previously reported for prior periods have been reclassified to conform to the current year presentation in the accompanying consolidated financial statements. Such reclassifications had no effect on the results of operations as previously reported.

2. Summary of significant accounting policies

Revenue recognition

Revenue recognition policies for the various sources of revenues are as follows:

Services

The Company predominantly derives revenues by providing its services on a time and material basis and recognizes revenues when services are rendered. At the end of any reporting period, there may be earned but unbilled revenues that are accrued. Payments received in advance of revenue recognition are reflected as deferred revenues.

Software

Revenues from the sale of perpetual licenses are recognized upon the delivery and acceptance of the software. Revenues from term licenses are recognized ratably over the period of the license. Revenues from maintenance, unspecified upgrades and technical support are recognized ratably over the period such items are delivered. For multiple-element arrangement software contracts that include non-software elements, and where the software is essential to the functionality of the non-software elements (collectively referred to as software multiple-element arrangements), the Company applies the rules as noted below.

Products

Revenues from product sales are recognized when risk of loss and title passes to the customer, which is generally upon product delivery. The exceptions to this accounting treatment would be for multiple-element arrangements (defined below) or those situations where specialized installation or customer acceptance is required. Payments received in advance of revenue recognition are reflected as deferred revenues.

Multiple-element arrangements

The Company occasionally enters into transactions that represent multiple-element arrangements, which may include any combination of services, software, hardware and financing. Vendor-specific objective evidence is utilized to determine whether they can be separated into more than one unit of accounting. A multiple-element arrangement is separated into more than one unit of accounting if: (1) the delivered item has value on a standalone basis; and (2) there is objective and reliable evidence of the fair value of the undelivered items if the delivery or performance of the undelivered items is probable and in the control of the Company.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

If these criteria are not met, then revenues are deferred until such criteria are met or until the period(s) over which the last undelivered element is delivered. If there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements. The more significant estimates include valuation of goodwill and intangible assets, useful lives of long-lived assets, allowances for doubtful accounts, inventory valuation, reserves for self-insured workers compensation and health benefits and provision for income taxes. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable are stated net of an allowance for doubtful accounts and sales allowances. Outstanding accounts receivable balances are reviewed periodically, and allowances are provided at such time that management believes it is probable that such balances will not be collected within a reasonable period of time. The Company extends credit to its customers based upon credit evaluations in the normal course of business, primarily with 30-day terms. Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible.

Inventories

Inventories are stated at the lower of cost, as determined by using the first-in, first-out method, or market. Work in process and finished goods inventory include material, direct labor, variable costs and overhead.

Software costs

Costs that are related to the conceptual formulation and design of licensed programs are expensed as research and engineering. For licensed programs, the Company capitalizes costs that are incurred to produce the finished product after technological feasibility has been established. The capitalized amounts are amortized using the straight-line basis over three years, which is the estimated life of the related software. The Company performs periodic reviews to

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

ensure that unamortized program costs remain recoverable from future revenues. Costs to support or service licensed programs are expensed as the costs are incurred.

The Company capitalizes certain costs that are incurred to purchase or to create and implement internal-use software, which includes software coding, installation, testing and data conversion. Capitalized costs are amortized on a straight-line basis over three years.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is computed utilizing the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed utilizing the straight-line method over the shorter of the remaining lease term or estimated useful life. The cost and accumulated depreciation and amortization applicable to assets retired or otherwise disposed of are removed from the asset accounts and any gain or loss is included in the consolidated statement of operations. Repairs and maintenance costs are expensed as incurred.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair market value of net assets of the acquired business at the date of acquisition. The Company tests for impairment annually, in its fiscal fourth quarter, using a two-step process. The first step identifies potential impairment by comparing the fair value of the Company's reporting units to its carrying value. If the fair value is less than the carrying value, the second step measures the amount of impairment, if any. The impairment loss is the amount by which the carrying amount of goodwill exceeds the implied fair value of that goodwill. There was no impairment of goodwill for the years ended May 31, 2009, 2008 and 2007.

Intangible assets are recorded at cost. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives.

Impairment of long-lived assets

The Company reviews the recoverability of its long-lived assets on a periodic basis in order to identify business conditions which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future undiscounted cash flows. If the total expected future undiscounted cash flows are less than the carrying amount of the assets, a loss is recognized for the difference between fair value (computed based upon the expected future discounted cash flows) and the carrying value of the assets.

Shipping and Handling Costs

Shipping and handling costs are included in cost of revenues.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Taxes collected from customers

Taxes collected from customers and remitted to governmental authorities are presented in the consolidated statement of operations on a net basis.

Research and engineering

Research and product development costs are expensed as incurred.

Advertising, promotions and marketing

The costs for advertising, promotion and marketing programs are expensed as incurred and are included in selling, general and administrative expenses. Advertising expense was $470, $307 and $209 and for fiscal 2009, 2008 and 2007, respectively.

Fair value of financial instruments

SFAS No. 107, *Disclosure about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that fair value. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current assets and liabilities approximate fair value based on the short-term nature of the accounts. The fair value of the Company's debt obligations at May 31, 2009 was approximately $2,200 lower than carrying value. The Company estimated fair value using a discounted cash flow analysis using pricing for similar debt arrangements in an active market.

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurement* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the inputs to be used to estimate fair value. SFAS 157 also expands financial statement disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2, *Effective Date of Statement No. 157*, which delays the effective date of SFAS 157 for one year for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As of May 31, 2009, the Company does not have any nonfinancial asset or nonfinancial liabilities that are recognized or disclosed at fair value on a recurring basis. SFAS 157 and FSP 157-2 are effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company adopted FAS 157 on June 1, 2008.

SFAS 157 describes the following three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other

inputs that are observable or can be corroborated by observable market data by correlation or other means.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

See Note 12 for financial instruments that were accounted for at fair value on a recurring basis as of May 31, 2009.

Foreign currency translation

The financial position and results of operations of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities of the foreign subsidiaries are translated into the U.S. dollar at the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate during the year. Translation gains and losses are not included in earnings and are reported in accumulated other comprehensive income within stockholders' equity. Foreign currency transaction gains and losses are included in net income (loss) and were $188 in fiscal 2009 and not significant in fiscal 2008 and 2007.

Derivative financial instruments

The Company recognizes its derivatives as either assets or liabilities, measures those instruments at fair value and recognizes the changes in fair value of the derivative in net income or other comprehensive income, as appropriate. The Company hedges a portion of the variable rate interest payments on debt using interest rate swap contracts to convert variable payments into fixed payments. The Company does not apply hedge accounting to its interest rate swap contracts. Changes in the fair value of these instruments are reported as a component of interest expense.

Concentration of credit risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. At times, cash deposits may exceed the limits insured by the Federal Deposit Insurance Corporation. The Company believes it is not exposed to any significant credit risk or the nonperformance of the financial institutions.

The Company sells primarily to large companies, extends reasonably short collection terms, performs credit evaluations and does not require collateral. The Company maintains reserves for potential credit losses.

The Company has one major customer with multiple business units that accounted for 17.1%, 16.8% and 16.5% of revenues for fiscal 2009, 2008 and 2007, respectively. Accounts receivable from this customer were $7,228 and $3,183 at May 31, 2009 and 2008, respectively.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Self insurance

A wholly-owned subsidiary is self -insured for certain losses relating to workers compensation and health benefits claims. The Company maintains third-party excess insurance coverage for all workers compensation claims in excess of $250 and for its health benefit claims in excess of $150 to reduce its exposure from such claims. Self-insured losses are accrued when it is probable that an uninsured claim has been incurred but not reported and the amount of the loss can be reasonably estimated at the balance sheet date. Management monitors and reviews all claims and their related liabilities on an ongoing basis.

Stock-based compensation

Effective June 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123, *Share Based Payment* ("SFAS 123R"). SFAS 123R addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R eliminates the ability to account for stock-based compensation transactions using the intrinsic value method under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25), and instead generally requires that such transactions be accounted for using a fair-value based method. The Company elected the prospective transition method as permitted by SFAS 123R and, accordingly, prior periods were not restated to reflect the impact of FAS 123R. The prospective transition method requires that stock-based compensation expense be recorded for all new restricted stock and restricted stock units that are ultimately expected to vest as the requisite service is rendered beginning on June 1, 2006. All unvested options outstanding as of May 31, 2006 that had been previously measured but had not yet recognized compensation expense will continue to be accounted for under the provisions of APB 25 and related interpretations until they are settled.

Prior to June 1, 2006, employee stock awards under the Company's compensation plans were accounted for in accordance with the provisions of APB 25, and related interpretations. The Company provided the disclosure requirements of SFAS No. 123, *Accounting for Stock-Based Compensation* ("FAS 123"), and related interpretations. Stock-based awards to nonemployees were accounted for under the provisions of SFAS No. 123.

Under SFAS No. 123, the fair value for the stock options was estimated at the date of grant using the minimum value method. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions. The Company used 3% to 4 1/2% as the risk-free interest rate, zero dividend yield and an expected life of four years for the valuation of stock options.

All stock awards issued prior to June 1, 2006 and accounted for in accordance with APB 25 were fully vested as of May 31, 2008. The pro forma effect on the net income of the Company for

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

fiscal years 2008 and 2007 had the fair value recognition principles of SFAS No. 123 been utilized is as follows:

	Years ended May 31,	
	2008	2007
Net income	$ 7,439	$ 5,388
Less: Stock-based compensation expense determined under the fair value method, net of income taxes	239	208
Proforma net income	$ 7,200	$ 5,180

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided if it is more likely than not that some or all of the deferred income tax asset will not be realized.

Effective June 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB No. 109* ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires a determination of whether the uncertain tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, the largest amount of the benefit that is more likely than not of being sustained is recognized in the consolidated financial statements. For tax positions that are not more likely than not of being sustained upon audit, none of the benefit is recognized in the consolidated financial statements. The provisions of FIN 48 also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, and disclosure.

The cumulative effect of the adoption of the recognition and measurement provisions of FIN 48 resulted in a $564 reduction to the June 1, 2007 balance of stockholders equity. The Company's policy for interest and penalties related to income tax exposures was not impacted as a result of the adoption of the recognition and measurement provisions of FIN 48. Therefore, interest and penalties will continue to be recognized as incurred within "provision for income taxes" in the consolidated statements of operations.

The Company files income tax returns in the U.S. with federal and state jurisdictions as well as various foreign jurisdictions. With few exceptions, the Company was not subject to U.S. federal,

state and local or non-U.S. income tax examinations by tax authorities for fiscal years prior to fiscal year 2005.

Comprehensive Income

The Company applies the provisions of SFAS No. 130, *Reporting Comprehensive Income*. Comprehensive income is defined to include all changes in equity, except those resulting from investments by stockholders and distribution to stockholders, and is reported in the statement of stockholders' equity (deficit). Included in the Company's comprehensive income are net income and foreign currency translation adjustments.

Recent accounting pronouncements

SFAS No. 141R. In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS 141R"), which replaces SFAS 141, *Business Combinations* (SFAS 141). SFAS 141R applies to all business combinations, including combinations among mutual entities and combinations by contract alone. SFAS 141R requires that all business combinations will be accounted for by applying the acquisition method. This standard will significantly change the accounting for business combinations both during the period of the acquisition and in subsequent periods. Among the more significant changes in the accounting for acquisitions are the following:

- In-process research and development ("IPR&D") will be accounted for as an asset, with the cost recognized as research and development is realized or abandoned. IPR&D is presently expensed at the time of the acquisition.
- Assets acquired or liabilities assumed in a business combination that arise from a contingency will be measured at fair value at acquisition date if the fair value can be determined during the measurement period.
- Decreases in valuation allowances on acquired deferred tax assets will be recognized in operations. Such changes were considered to be subsequent changes in consideration and were recorded as decreases in goodwill.
- Transaction costs will generally be expensed. Such costs are presently treated as costs of the acquisition.

SFAS 141R is effective for business combinations consummated in periods beginning on or after December 15, 2008. Early application is prohibited. The Company will adopt SFAS 141R on June 1, 2009 and the effects will depend on future acquisitions. In the fourth quarter of fiscal year 2009, the Company expensed $150 of transaction costs related to business combinations that were in process but not completed by the effective date of SFAS 141R.

SFAS No. 160. In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ("SFAS 160"), an amendment of ARB No. 51, which will change the accounting and reporting related to noncontrolling interests. SFAS 160, which is effective for fiscal years and interim periods beginning on or after December 15, 2008, requires

that ownership interests in the subsidiaries held by parties other than the parent be presented in the consolidated balance sheet within equity and the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated income statement. Additionally, the statement requires that changes in a parent's ownership interest in a subsidiary be accounted for as an equity transaction. The Company will adopt SFAS 160 on June 1, 2009. Accordingly, minority interest in the accompanying consolidated balance sheets will be reclassified to equity. Earnings attributable to minority interests will be included in net income although such earnings will continue to be deducted to measure earnings per share. The presentation and disclosure requirements of SFAS 160 will be applied retrospectively for all periods presented.

SFAS No. 161. In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("SFAS 161"). SFAS 161 is intended to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, financial performance and cash flows through enhanced disclosure requirements. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with earlier adoption encouraged. The Company will adopt SFAS 161 on June 1, 2009.

SFAS No. 165. In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued and is effective for interim and annual periods ending after June 15, 2009. The Company does not anticipate the adoption of SFAS 165 on June 1, 2009 will have a material effect on its results of operations, financial position or cash flows.

SFAS No. 167. In June 2009, the FASB issued SFAS No. 167, *Amendment to FASB Interpretation No. 46(R)* ("SFAS 167") which amends Interpretation 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS 167 is effective for interim and annual reporting periods that begin after November 15, 2009. The Company does not expect adoption of SFAS 167 in fiscal year 2010 to have a material effect on its results of operations, financial position or cash flows as the Company does not have any variable interest entities.

3. Earnings per share

Basic earnings per share are computed by dividing net income by the weighted-average number of shares outstanding during the period. Diluted earnings per share are computed by dividing net income by the sum of (1) the weighted-average number of shares of common stock outstanding during the period, and (2) the dilutive effect of the assumed exercise of stock options using the treasury stock method. There is no difference, for any of the periods presented, in the amount of net income (numerator) used in the computation of basic and diluted earnings per share. With respect to the number of weighted-average shares outstanding (denominator), diluted shares reflects only the exercise of options to acquire common stock to the extent that the options' exercise prices are less than the average market price of common shares during the period.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

The following table sets forth the computations of basic and diluted (loss) earnings per share:

	Year ended May 31,		
	2009	2008	2007
Basic (loss) earnings per share:			
Numerator:			
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868
Denominator:			
Weighted average common shares outstanding	1,000,000	1,000,000	991,348
Basic (loss) earnings per share	$ (21.65)	$ (25.43)	$ 1.88
Diluted (loss) earnings per share:			
Numerator:			
Net (loss) income available to common stockholders	$ (21,648)	$ (25,433)	$ 1,868
Denominator:			
Weighted average common shares outstanding	1,000,000	1,000,000	991,348
Common stock equivalents of outstanding stock option	—	—	16,455
Total shares	1,000,000	1,000,000	1,007,803
Diluted (loss) earnings per share	$ (21.65)	$ (25.43)	$ 1.85

The following weighted-average common shares and equivalents related to options outstanding under the Company's stock option plans and the conversion of its outstanding preferred stock conversion were excluded from the computation of diluted earnings (loss) per share as the effect would have been anti-dilutive:

	Year ended May 31,		
	2009	2008	2007
Common stock equivalents of outstanding stock options	42,755	26,520	16,455
Common stock equivalents of conversion of preferred shares	519,906	519,906	503,829
Total shares	562,661	546,426	520,284

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

4. Accounts Receivable and Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided against accounts receivable for amounts management believes may be uncollectible. Changes in the allowance for doubtful accounts are represented by the following at May 31 2009, 2008 and 2007:

	2009	2008	2007
Balance, beginning of year	$ 1,332	$ 1,309	$ 1,242
Increase due to acquisitions	43	—	—
Provision for doubtful accounts	2,097	376	555
Write-offs, net of recoveries	(81)	(353)	(488)
Foreign exchange valuation	(88)	—	—
Balance, end of year	$ 3,303	$ 1,332	$ 1,309

In January 2009, a customer voluntarily filed to reorganize under Chapter 11 of the U.S Bankruptcy Code. Total pre-petition accounts receivable from this customer as of May 31, 2009 were $2,323 all of which are greater than 90 days old. Based on management's estimates, the Company recorded a 67% or $1,556 reserve on the pre-petition accounts receivable.

5. Inventories

Inventories consist of the following at May 31, 2009 and 2008:

	2009	2008
Raw materials	$ 2,832	$ 2,796
Work in process	1,782	1,577
Finished goods	2,635	3,080
Supplies	4,260	3,191
	$ 11,509	$ 10,644

Inventories are net of reserves for slow-moving and obsolete inventory of $584 and $577 at May 31, 2009 and 2008, respectively.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

6. Property, plant and equipment, net

Property, plant and equipment consist of the following at May 31, 2009 and 2008:

	Useful life in years	2009	2008
Land		$ 1,295	$ 865
Buildings and improvement	30-40	9,836	8,835
Office furniture and equipment	5-8	1,624	2,634
Machinery and equipment	5-7	51,943	38,493
		64,698	50,827
Accumulated depreciation and amortization		31,106	24,316
		$ 33,592	$ 26,511

Depreciation and amortization expense was $8,823, $7,323 and $5,066 for the years ended May 31, 2009, 2008 and 2007, respectively.

In 2007, the Company reduced its estimated useful lives on certain equipment from seven years to five years, resulting in an incremental charge to depreciation expense of $1,068. This change in estimate was based on the Company's evaluation of the useful lives of its equipment.

7. Goodwill

The changes in the carrying amount of goodwill, substantially all of which relates to our Services segment (Note 20), at May 31, 2009 and 2008 are as follows:

	2009	2008
Beginning of year	$ 28,627	$ 14,704
Goodwill acquired during the year	10,830	13,735
Post-acquisition adjustment	(500)	188
Foreign exchange valuation	(315)	—
End of year	$ 38,642	$ 28,627

8. Acquisitions

Acquisitions are accounted for in accordance with SFAS 141, *Business Combinations*. The total purchase price is allocated to the assets and liabilities based on their fair values at the acquisition date. The results of operations for each of the entities have been included in the consolidated financial statements from the respective dates of acquisition. All of the acquisitions were for strategic market expansion, including the addition of trained technical personnel. No pro forma information is presented for fiscal 2009, 2008 and 2007 because the pro forma impact of acquisitions, both individually and in the aggregate, during these periods was immaterial.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

	Year ended May 31		
	2009	2008	2007
Number of entities	5	7	3
Total cost:			
Cash paid	$ 10,464	$ 15,535	$ 2,031
Subordinated notes issued	7,343	8,137	1,000
Other consideration, primarily obligations under covenants not to compete	471	3,151	—
Debt assumed	1,475	1,175	360
Preferred stock (18,000 shares) issued	—	—	900
	$ 19,753	$ 27,998	$ 4,291
Current assets acquired	$ 697	$ 2,052	$ 1,310
Property, plant and equipment	4,244	3,369	2,142
Intangibles, primarily customer lists	3,982	8,842	450
Goodwill	10,830	13,735	389
	$ 19,753	$ 27,998	$ 4,291
Future conditional consideration at May 31	$ 3,991	$ 600	$ —

The conditional consideration is contingent on the acquired entity achieving certain revenue and profit targets during calendar and fiscal years ending 2009 thru 2011. If earned, the earliest the fiscal 2008 earn-out payments will be made is February 2010 and the earliest the fiscal 2009 earn-out payments will be made is within 90 days subsequent to May 31, 2010. In addition, the Company entered into certain finite at-will employment, or consulting agreements with the owners or managers of these companies.

In addition to the above, the Company acquired a patent in 2008 that will be used in developing new product sales as well as be used by the Services segment. The purchase price for the patent and certain related inventory and equipment was $712. In connection with this patent purchase, the Company is obligated for royalty payments on sales generated by the technology developed or licensed for six years until November 2013. No such payments were made in 2009 or 2008.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

9. Intangible assets

The gross carrying amount and accumulated amortization of intangible assets at May 31, 2009 and 2008 are as follows:

	Useful life in years	2009 Gross amount	2009 Accumulated amortization	2009 Net carrying amount	2008 Gross amount	2008 Accumulated amortization	2008 Net carrying amount
Software	3	$ 5,230	$ 4,334	$ 896	$ 4,874	$ 3,661	$ 1,213
Customers lists	5-7	19,541	11,869	7,672	16,225	10,232	5,993
Covenants not to compete	2-5	6,471	4,425	2,046	6,147	3,181	2,966
Other	2-5	3,312	1,977	1,335	2,828	1,448	1,380
		$ 34,554	$ 22,605	$ 11,949	$ 30,074	$ 18,522	$ 11,552

Amortization expense for the years ended May 31, 2009, 2008 and 2007 was $3,813, $4,100 and $3,625, respectively, including amortization of software for the years ended May 31, 2009, 2008 and 2007 of $672, $660, and $614, respectively.

The following is the approximate amount of amortization expense in each of the years ending subsequent to May 31, 2009:

Years ending	
2010	$ 3,393
2011	2,650
2012	1,663
2013	1,400
2014	1,221
Thereafter	1,622
Total	$ 11,949

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

10. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following at May 31, 2009 and 2008:

	2009	2008
Accrued salaries, wages and related employee benefits	$ 5,992	$ 4,885
Other accrued expenses	6,111	4,820
Accrued worker compensation and health benefits	4,823	1,424
Deferred revenues	1,414	1,284
Total	$ 18,340	$ 12,413

11. Long-term debt

Long-term debt consists of the following at May 31, 2009 and 2008:

	2009	2008
Senior credit facility		
Revolver	$ 15,505	$ 13,145
Term loans	36,319	22,500
Notes payable	12,113	9,138
Other	2,314	3,487
	66,251	48,270
Less: Current maturities	14,390	7,469
Long-term debt, net of current maturities	$ 51,861	$ 40,801

Senior credit facility

On October 31, 2006, as subsequently amended April 23, 2007, December 14, 2007, May 30, 2008, July 1, 2008, January 7, 2009 and July 22, 2009, the Company entered into a $40,000 Credit Agreement (“Credit Agreement”) with Bank of America, N.A. and JPMorgan Chase Bank, N.A. (the “Lenders”). The Credit Agreement provides for a $15,000 revolver (“Revolver”) maturing on October 31, 2012 and a $25,000 term loan (“2007 Term Loan”). On July 1, 2008, the Company amended its credit agreement and entered into an additional term loan in the amount of $20,000 (“2008 Term Loan”) to fund, among other things, the fiscal year 2009 acquisitions described in the acquisitions footnote. The 2007 Term Loan has quarterly principal payments of $938 increasing to $1,250 and $1,875 in January 2010 and January 2012, respectively, with final payment on October 31, 2012. The 2008 Term Loan has equal monthly principal payments of $278 with final payment on June 27, 2014. The maximum revolver was increased from $15,000 to $20,000 on January 7, 2009. At May 31, 2009, the available additional borrowing capacity was $4,495. There is a provision in the Credit Agreement that requires the Company to repay 25% of

the immediately preceding fiscal year's "free cash flow" if its ratio of "funded debt" to EBITDA is less than a fixed amount on or before October 1 each year. "Free cash flow" means the sum of EBITDA minus all taxes paid or payable in cash, minus cash interest paid, minus all capital expenditures made in cash, minus all scheduled and nonscheduled principal payments on funded debt made in the period, minus acquisition costs and plus or minus changes in working capital. "Funded debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities. The Company does not expect to be required to make payments under this provision. Interest rates under the facility are based on either the prime rate (3.25% and 5.0% at May 31, 2009 and 2008, respectively) or 30 day LIBOR rate (0.32% and 2.46% at May 31, 2009 and 2008, respectively) plus an applicable margin of 1.5% to 2.3% as defined in the Credit Agreement. All loans under the Credit Agreement are collateralized by a security interest in all of the assets of the Company.

The proceeds from the Senior Credit Facility were used to repay the outstanding indebtedness under the Company's (i) amended and restated revolving credit, term loan and security agreement dated August 8, 2003, and (ii) Term Loan Agreements with Gladstone Bank dated August 8, 2003. The transaction resulted in a loss of $460 recognized in fiscal 2007.

The Credit Agreement contains financial and other covenants limiting the Company's ability to, among other things, create liens, make investments and certain capital expenditures, incur more indebtedness, merge or consolidate, acquire other companies, make dispositions of property, pay dividends and make distributions to stockholders, enter into a new line of business, enter into transactions with affiliates and enter into burdensome agreements.

The Credit Agreement also contains financial covenants that require the Company to maintain compliance with specified financial ratios. In addition, the Company is required to furnish the agent for the Lenders, within specified time periods, (i) after the end of each fiscal year, a consolidated balance sheet as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, to be audited and accompanied by a report and opinion of the Company's independent registered public accounting firm, (ii) after the end of each fiscal quarter, a consolidated balance sheet as at the end of such fiscal quarter and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter, and (iii) before the end of each fiscal year, a forecast prepared by management of the consolidated balance sheets and statements of income or operations for the next fiscal year.

As of May 31, 2009 the Company was not in compliance with the following two covenants in the Credit Agreement: (1) the requirement that the Company maintain a minimum debt service coverage ratio, as defined, of at least 1.10 to 1.00, and (2) the requirement that the Company not create, incur, assume or allow to exist more than a total of $10 million of any indebtedness in respect of capital leases, synthetic lease obligations (as defined) and purchase money obligations for certain fixed or capital assets ("limited indebtedness"). On July 22, 2009 the Credit Agreement was amended, effective as of May 31, 2009, to decrease the minimum debt service coverage ratio to 1.05 to 1.00, and effective as of August 31, 2007, to increase the maximum limited indebtedness to $22 million, so that the Company was treated as being in compliance with these two covenants during all reporting periods after August 31, 2007.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Notes payable and other

In connection with its acquisitions from 2007 to 2009, the Company issued subordinated notes payable to the sellers and assumed certain other notes payable. These notes generally mature three years from the date of acquisition with interest rates ranging from 3% to 7%. The Company has discounted these obligations to reflect a 5.5% imputed interest. Unamortized discount on the notes is $175 as of May 31, 2009. Amortization is recorded as interest expense in the consolidated statement of operations. Payments under these various acquisition obligations are made either monthly or quarterly.

Scheduled principal payments due under all borrowing agreements in each of the five years and thereafter subsequent to May 31, 2009 are as follows (See Note 21, Subsequent events, for a description of the fiscal 2010 refinancing and new payment schedule):

Years ending	
2010	$ 14,390
2011	13,122
2012	10,834
2013	23,438
2014	3,518
Thereafter	949
Total	$ 66,251

12. Financial Instruments

The Company uses interest rate swaps to manage interest rate exposure. In 2007, the Company entered into two interest rate swap contracts whereby the Company would receive or pay an amount equal to the difference between a fixed rate and the quoted 90-day LIBOR rate on a quarterly basis. Amounts related to the derivatives are recognized as quarterly payments become due. Credit loss from counterparty nonperformance is not anticipated. All gains and losses are recognized as an adjustment to interest expense in the consolidated statement of operations and the combined fair values are recorded in other liabilities on the consolidated balance sheets. The following outlines the significant terms of the contracts at May 31, 2009 and 2008, respectively.

Contract date	Term	Notional amount	Variable interest rate	Fixed interest rate	Fair Value At May 31, 2009	Fair Value At May 31, 2008
November 20, 2006	4 years	$ 8,000	LIBOR	5.17%	$ (517)	$ (321)
November 30, 2006	3 years	8,000	LIBOR	5.05%	(199)	(234)
		$ 16,000			$ (716)	$ (555)

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

As noted above, the interest rate swaps are accounted for at fair value on a recurring basis. The following table outlines the fair value of the interest rate swaps within the fair value hierarchy in accordance with SFAS 157:

		Fair value measurements at May 31, 2009 using		
Description	**May 31, 2009**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liability:				
Interest Rate Swaps	$ 716	$ 716	$ —	$ —

13. Obligations under capital leases

The Company leases certain office space, including its headquarters, and service equipment under capital leases, requiring monthly payments ranging from $1 to $62, including effective interest rates that range from 0.3% to 22.5% expiring through October 2014. The net book value of assets under capital lease obligations is $15,577 and $10,720 at May 31, 2009 and 2008, respectively.

Scheduled future minimum lease payments subsequent to May 31, 2009 are as follows:

Years ending	
2010	$ 5,773
2011	4,661
2012	3,078
2013	1,495
2014	963
Thereafter	299
Total minimum lease payments	16,269
Less: Amount representing interest	(1,744)
Present value of minimum lease payments	14,525
Less: Current portion of obligations under capital leases	(4,981)
Obligations under capital leases, net of current portion	$ 9,544

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

14. Commitments and contingencies

Operating leases

The Company is party to various noncancelable lease agreements, primarily for its international and domestic office and lab space. Minimum future lease payments under noncancelable operating leases in each of the five years subsequent to May 31, 2009 are as follows:

Years ending	
2010	$ 2,113
2011	1,605
2012	1,153
2013	958
2014	637
Thereafter	270
Total	$ 6,736

Total rent expense for the Company was $3,103, $2,408 and $1,453 for the years ended May 31, 2009, 2008 and 2007, respectively.

Litigation

The Company is subject to periodic lawsuits, investigations and claims that arise in the ordinary course of business. Although the Company cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against it, the Company does not believe that any currently pending legal proceeding to which the Company is a party will have a material adverse effect on its business, results of operations, cash flows or financial condition. The costs of defense and amounts that may be recovered in such matters may be covered by insurance. The Company records any liability in accordance with SFAS No. 5, *Accounting for Contingencies*.

On September 25, 2007, two former employees, individually and on behalf of a purported class consisting of all current and former employees who work or worked as on-site construction workers, testing technicians and inspectors for Conam in the State of California at any time from September 2003 through the date of judgment in this action, filed an action against Conam in the United States District Court, Northern District of California. The Complaint alleged, among other things, that Conam violated the California Labor Code. The case was mediated on October 13, 2008 and a settlement was reached on all class claims. The class settlement is in the process of being administered. As a result, the Company accrued $2,100 in fiscal year 2009 which represents the settlement and legal and administrative fees, net of insurance reimbursements received and accrued. Approximately $1,750 has been paid in the first quarter of fiscal 2010.

Acquisition related

The Company is liable for contingent consideration in connection with its acquisitions (See Note 8).

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

15. Employee benefit plans

The Company provides a 401(k) salary savings plan for eligible U.S. based employees. Employee contributions are discretionary up to the IRS limits each year and catch up is allowed. Under the 401(k) plan, employees become eligible to participate on the 1st of the month after six months of continuous service. Under this plan, the Company matches 50% of the employee's contributions up to the first 6% of the employee's contributions. There is a five-year vesting schedule for the Company match. The Company's contribution to the plan aggregated $1,040, $758 and $569 for the years ended May 31, 2009, 2008 and 2007, respectively.

The Company participates with other employers in contributing to a union plan, which covers certain U.S. based union employees. The plan is not administered by the Company and contributions are determined in accordance with provisions of a collective bargaining agreement. The Company's contributions to the plan aggregated $283, $71 and $75 for the years ended May 31, 2009, 2008 and 2007, respectively. The Company has benefit plans covering certain employees in selected foreign countries. Amounts charged to expense under these plans were not significant in any year.

16. Income taxes

Income before provision for income taxes is as follows:

	Year ended May 31,		
	2009	2008	2007
Income (loss) before provision for income taxes from:			
U.S. operations	$ 6,426	$ 11,399	$ 4,809
Foreign operations	3,785	1,428	986
Earnings before income taxes	$ 10,211	$ 12,827	$ 5,795

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

The provision for income taxes consists of the following:

	Year ended May 31,		
	2009	2008	2007
Current			
Federal	$ 2,079	$ 4,088	$ 1,123
States and local	860	472	44
Foreign	1,379	416	306
Reserve for uncertain tax positions	94	75	—
Total current	4,412	5,051	1,473
Deferred			
Federal	275	(71)	532
States and local	(12)	248	328
Foreign	(142)	(33)	(94)
Total deferred	121	144	766
Net change in valuation allowance	25	185	(2,031)
Net deferred	146	329	(1,265)
Provision for income taxes	$ 4,558	$ 5,380	$ 208

The provision for income taxes differs from the amount computed by applying the statutory federal tax rate to income tax as follows:

	Year ended May 31,					
	2009		2008		2007	
Federal tax at statutory rate	$ 3,472	34.0%	$ 4,489	35.0%	$ 1,970	34.0%
State taxes, net of federal benefit	560	5.5%	468	3.7%	246	4.2%
Foreign tax at lower rates	(37)	(0.4%)	(117)	(0.9%)	(123)	(2.1%)
Permanent differences	414	4.1%	76	0.6%	62	1.1
Other	124	1.2%	279	2.1%	84	1.4
Change in valuation allowance	25	0.2%	185	1.4%	(2,031)	(35.0%)
Total provision for income taxes	$ 4,558	44.6%	$ 5,380	41.9%	$ 208	3.6%

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Deferred income tax attributes resulting from differences between financial accounting amounts and income tax basis of assets and liabilities at May 31 are as follows:

	2009	2008
Deferred income tax assets		
Allowance for doubtful accounts	$ 1,074	$ 386
Inventory	236	261
Intangible assets	3,607	3,064
Accrued expenses	451	536
Net operating loss carryforward	442	285
Capital lease obligation	1,187	1,372
Other	472	413
Deferred income tax assets	7,469	6,317
Valuation allowance	(210)	(185)
Net deferred income tax assets	7,259	6,132
Deferred income tax liabilities		
Property and equipment	(3,419)	(2,629)
Goodwill	(2,658)	(2,003)
Other	(788)	(564)
Deferred income tax liabilities	(6,865)	(5,196)
Net deferred income taxes	$ 394	936

At May 31, 2009, the Company has recorded a valuation allowance against certain state deferred income tax assets based on its assessment that the respective state deferred income tax assets would not be realized as a result of losses incurred in 2009 and certain prior years. As of May 31, 2009, the Company has available state net operating losses of $2,646 expiring starting in 2011.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Effective June 1, 2007, the Company adopted FIN 48. A reconciliation of the beginning and ending amounts of unrecognized tax benefits since adoption is as follows:

Balance at June 1, 2007	$ 564
Additions for tax positions related to fiscal 2008	90
Additions for tax positions related to prior years	—
Settlements	—
Reductions related to the expiration of statutes of limitations	(15)
Balance at May 31, 2008	639
Additions for tax positions related to fiscal 2009	276
Additions for tax positions related to prior years	—
Settlements	—
Reductions related to the expiration of statutes of limitations	(182)
Balance at May 31, 2009	$ 733

The Company has recorded the unrecognized tax benefits in Other Long-Term Liabilities in the consolidated balance sheets as of May 31, 2009 and 2008. All of the Company's unrecognized tax benefits at May 31, 2009, if recognized, would favorably affect the effective tax rate. Interest and penalties related to unrecognized tax benefits are recorded in income tax expense and not significant for the years ended May 31, 2009 and 2008.

The Company has not recognized U.S. tax expense on its undistributed international earnings of $2,534 and $1,044 for fiscal 2009 and 2008, respectively, since it intends to reinvest the earnings outside the United States for the foreseeable future. Any additional U.S. income taxes incurred would be reduced by available foreign tax credits. If the earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability would have been required.

17. Preferred stock

The Company has authorized 3,000,000 shares of capital stock, comprised of 2,000,000 shares of common stock ("Common") and 1,000,000 shares of Preferred Stock ("Preferred Stock"), of which 298,701 shares have been designated as Class A Convertible Redeemable Preferred Stock ("Class A") and 221,205 shares have been designated as Class B Convertible Redeemable Preferred Stock ("Class B"). All authorized shares of Common and Preferred stock have a par value of $0.01 per share.

Dividends

Should the Company declare or pay dividends to the holders of its capital stock, no dividends shall be declared or paid to the holders of the Common shares or other securities ranking junior to the Preferred shares unless equivalent dividends, on an as-converted basis, are declared and paid concurrently to the Preferred shareholders.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Voting rights

The Common and Preferred shareholders are entitled to one vote per share for all matters subject to vote. The Preferred shareholders are entitled to the number of votes equal to the number of whole shares of Common into which the shares of Preferred are convertible to at the time of the vote.

Conversion of preferred stock

Holders of shares of preferred stock have the right to convert their shares, at any time, into shares of common stock. The current conversion rate for each series of preferred stock is one for one. The conversion rate for each series of preferred stock is subject (i) to proportional adjustments for stock splits and dividends, combinations, recapitalizations, etc. and (ii) to formula-weighted-average adjustments in the event that the Company issues additional shares of common stock or securities convertible into or exercisable for common stock at a purchase price less than the applicable conversion price for such series of preferred series of preferred stock then in effect, subject to certain customary exceptions. All shares of preferred stock will automatically be converted into shares of common stock upon the closing of the sale of shares of our common stock in a firm commitment underwritten public offering, pursuant to an effective registration statement under the Securities Act of 1933, in which the gross proceeds to the Company and the valuation of the Company immediately prior to the offering based on the offering price exceed certain minimum amounts. Each series of preferred stock also converts to common stock at the election of the holders of a majority of the then outstanding shares of such series of preferred stock.

Class B redemption rights

The majority holders of Class B preferred shares have the right, but not the obligation, to require redemption of the Class B shares upon the earlier occurrence of (i) an Event of Noncompliance, as defined below, (ii) redemption of the Class A shares or (iii) at their option. The Company has the right to redeem all the Class B shares at any time after the fifth anniversary of the Class B closing date (October 26, 2010).

The redemption price of the Class B shares shall be equal to (i) prior to the third anniversary, the original issuance price plus 15% per annum from the original issue date to the redemption date (referred to as the “Class B IRR Amount”), and (ii) on or after October 26, 2008, the greater of (a) the Class B IRR Amount or (b) the fair market value of Class B shares. Accretion has been based on the fair market value from October 27, 2008 through May 31, 2009. In connection with the closing of an initial public offering of the Company’s common stock, the Class B shares will convert into common stock at a ratio of 1-to-1 (subject to (i) proportional adjustments for stock splits and dividends, combinations, recapitalizations and similar events and (ii) formula-weighted-average adjustments in the event that the Company issues additional shares of common stock or securities convertible into or exercisable for common stock at a purchase price less than the price at which such series of preferred stock was originally issued and sold, subject to certain customary exceptions) and all accretion recorded through this redemption price formula will be credited to the Company’s retained earnings.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Class A redemption rights

The majority holders of Class A preferred shares have the right, but not the obligation, to require redemption of the Class A shares upon the earlier occurrence of (i) an Event of Noncompliance, (ii) redemption of the Class B shares or (iii) at their option. The Company has the right to redeem all the Class A shares at any time after August 1, 2008.

The redemption price of the Class A shares shall be equal to (i) prior to August 11, 2007, the original issuance price plus 15% per annum from the original issue date to the redemption date (referred to as the "Class A IRR Amount"), and (ii) on or after August 11, 2007, the greater of (a) the Class A IRR Amount or (b) the fair market value of Class A shares. Accretion has been based on the Class A IRR Amount through August 11, 2007 and the fair market value of Class A shares thereafter. The fair market value of the Class A shares was determined by the Board of Directors by reference to the valuation of comparable companies using several methods. In connection with the closing of an initial public offering of the Company's common stock, the Class A shares will convert into common stock at a ratio of 1-to-1 (subject to (i) proportional adjustments for stock splits and dividends, combinations, recapitalizations and similar events and (ii) formula-weighted-average adjustments in the event that the Company issues additional shares of common stock or securities convertible into or exercisable for common stock at a purchase price less than the price at which such series of preferred stock was originally issued and sold, subject to certain customary exceptions) and all accretion recorded through this redemption price formula will be credited to the Company's retained earnings.

Preferred stock accretion

The accretion for the preferred stock was determined in accordance with the Company's amended and restated certificate of incorporation, which provides as follows:

Class A. 15% through August 11, 2007 and the higher of 15% or fair market value thereafter. Because the accretion based on fair market value was greater than 15%, accretion was based on fair market value for periods beginning on August 12, 2007 and later periods.

Class B. 15% through October 26, 2008 and the higher of 15% or fair market value thereafter. Because the accretion based on fair market value was greater than 15%, accretion was based on fair market value for periods beginning on October 27, 2008 and later periods.

The fair market value of the common stock was determined using market comparables and multiple averages of various peer groups adjusted for the impacts of acquisitions, trailing and forward twelve month actual and projected performance. These collective factors were analyzed to determine a value of each share of our common stock assuming free marketability. In order to establish fair value of common stock as a privately held company a discount factor was applied to account for the lack of liquidity of our stock. The discount factor was determined through an analysis of (i) the restrictions on the transferability of the shares of our stock, (ii) comparable discount factors for privately held companies considering an initial public offering, (iii) our progress toward completing our initial public offering and (iv) the inherent risk that our offering would not be consummated.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Event of noncompliance

An “Event of Noncompliance” is defined as:

- a sale of the Company or any of its material subsidiaries or any other change of control of the Company (including without limitation (i) the merger, reorganization or consolidation of the Company into or with another corporation or other similar transaction or series of related transactions in which 50% or more of the voting power of the Company is disposed of or in which the stockholders of the Company immediately prior to such merger, reorganization or consolidation own less than 50% of the Company’s or its successor’s voting power immediately after; or (ii) the sale of all or substantially all the assets of the Company in one or a series of transactions),
- a bankruptcy, insolvency or similar event affecting the Company or any of its material subsidiaries,
- a departure from the Company of Dr. Sotirios Vahaviolos, the Company’s Chairman, President, Chief Executive Officer and a member of the Board of Directors,
- a reduction in the role of Dr. Sotirios Vahaviolos with the Company to less than full-time employment for a period of 90 consecutive days or more than 120 days during any twelve-month period,
- a default under any loan, credit or financing agreement of the Company that is not cured within the applicable cure period provided for in said agreement;
- the removal, hiring or promoting of any person for or to the job or duties of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer of the Company without the consent of the holders of at least a majority of the then outstanding shares of preferred stock of the Company, consenting or voting, as the case may be, separately by series, or
- a violation of any material right of any holder of shares of preferred stock contained in the amended and restated certificate of incorporation of the Company or in any agreement among the Company and any holder of shares of preferred stock (which violation, if reasonably curable within 30 days after the Company knew or should have known of such occurrence, is not so cured within 30 days after the Company knew or should have known of such occurrence) or the taking of, or agreement to take, any action which requires the approval of the holders of shares of a series of or all preferred stock under the amended and restated certificate of incorporation of the Company or such agreements without such written consent.

Liquidation preferences

In the event of liquidation, all Common and Class A shareholders shall rank junior to the Class B shareholders. The payment of the liquidation preferences is as follows: (i) the Class B shareholders are entitled to receive an amount per share equal to the original purchase price, provided remaining assets are available; (ii) the Class A shareholders are entitled to receive an amount per share equal to the sum of the original purchase price plus an annual rate of return equal to

fifteen percent 15% per annum ("15% IRR") from the original issue date through the date of the first sale of the Class B shares; provided remaining assets are available; (iii) the Class A holders are entitled to receive an amount per share equal to the greater of (a) 15% IRR for the period between the Class B closing date and the date of liquidation or (b) the Class A net fair market value as of the date of liquidation; provided remaining assets are available; (iv) the Class B holders are entitled to receive amount per share equal to the greater of (a) 15% IRR from the original purchase date through the date of liquidation or (b) the Class B net fair value as of the date of liquidation; and (v) provided assets are remaining, the remainder shall be distributed to all the Common and other Preferred shareholders on an "as-if converted" basis.

Since both Class A and B preferred shareholders have the right but not the obligation to require redemption, the Company has classified Class A and B preferred stock to temporary equity.

18. Stock options

In April 2007, the Company's Board of Directors approved the Mistras Group, Inc. 2007 Stock Option Plan (the "Plan") terminating the further use of the 1995 Incentive Stock Plan except for the 19,000 options outstanding at May 31, 2007. The Company's Chairman and majority shareholder was also delegated the discretion to grant and execute new options for up to 56,974 shares pursuant to the 2007 Plan, with an option exercise price equal to the fair market value of the underlying shares at the date of grant. Under the 2007 Plan, options were granted for periods not exceeding 10 years and exercisable four years after the date of grant at an exercise price of not less than 100% of the fair market value of the common stock on the date of grant. The fair market value of the common stock was determined by the Company's board of directors. The methodology used to determine the fair market value of the common stock for stock options is the same as that used for determining the accretion on the Company's preferred stock — See Note 17. (The prior plan's options granted had five-year terms and vest and become fully exercisable over a four-year period.)

The Company's stock option compensation expense consists of options granted during fiscal 2008 and 2009 that are still outstanding and are currently vesting. For stock options, the Company determines the fair value of each option at the grant date using a Black-Scholes model, with the following average assumptions used for grants made:

	2009	2008
Risk free interest rate	3.3%	5.0%
Volatility factor of the expected market price of the Company's common stock	41.0%	38.0%
Expected dividend yield percentage	0%	0%
Weighted average expected life	7 years	7 years
Forfeiture rate	5.0%	5.0%
Average vesting period	4 years	4 years

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

The Company recognized share-based compensation expense for options granted of $192 and $318 for the years ended May 31, 2009 and 2008, respectively. Unamortized share-based compensation with respect to unvested stock options at May 31, 2009 that vest over a four-year period from the date of grant amounted to $1,935.

A summary of the Company's common stock option activity, and related information for the years ended May 31, 2009, 2008 and 2007 follows:

	Options	Options exercisable	Weighted average exercise price
Outstanding, May 31, 2006	40,500	21,150	$ 2.76
Granted	—		—
Exercised	(21,500)		2.76
Forfeited	—		—
Outstanding, May 31, 2007 (prior plan)	19,000	7,600	5.00
Granted	20,500		84.88
Exercised	—		—
Forfeited	(2,000)		80.00
Outstanding, May 31, 2008	37,500	16,313	44.67
Granted	34,800		135.92
Exercised	—		—
Forfeited	—		—
Outstanding, May 31, 2009	72,300	25,688	88.59

The weighted average remaining contractual life of the options outstanding at May 31, 2009 was approximately nine years. The intrinsic weighted-average value of the options granted during the year ended May 31, 2009 was $39.97 per share.

19. Related party transactions

The Company leases its headquarters under a capital lease (Note 13) from a shareholder and officer of the Company requiring monthly payments through October 2014. The current payment is $62 which increases annually to a maximum of $72.

The Company leases office space located in France, which is partly owned by a shareholder and officer. The lease provides for monthly payments of $16 and terminates January 12, 2016.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

20. Segment disclosure

The Company's three segments are:

- *Services.* This segment provides asset protection solutions in North and Central America with the largest concentration in the United States.
- *Products and Systems.* This segment designs, manufactures, sells, installs and services the Company's asset protection products and systems, including equipment and instrumentation, predominantly in the United States.
- *International.* This segment offers services, products and systems similar to those of our other segments to global markets, principally in Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by our Products and Systems segment.

General corporate services, including accounting, audit, and contract management, are provided to the segments which are reported as intersegment transactions within corporate and eliminations. Sales to the International segment from the Products and Systems segment and subsequent sales by the International segment of the same items are recorded and reflected in the operating performance of both segments. Additionally, engineering charges and royalty fees charged to the Services and International segments by the Products and Systems segment are reflected in the operating performance of each segment. All such intersegment transactions are eliminated in corporate and eliminations.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 2. Segment income from operations is determined based on internal performance measures used by the Chief Executive Officer, the chief operating decision maker, to assess the performance of each business in a given period and to make decisions as to resource allocations. In connection with that assessment, the Chief Executive Officer may exclude items such as charges for stock-based compensation and certain other acquisition-related charges and balances, technology and product development costs, certain gains and losses from dispositions, and litigation settlements or other charges. Certain general and administrative costs such as human resources, information technology and training are allocated to the segments. Segment income from operations also excludes interest and other financial charges and income taxes. Corporate and other assets are comprised principally of cash, deposits, property, plant and equipment, domestic deferred taxes, deferred charges and other assets. Corporate loss from operations consists of depreciation on the corporate office facilities and equipment, administrative charges related to corporate personnel and other charges that cannot be readily identified for allocation to a particular segment.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Selected consolidated financial information by segment for the periods shown was as follows:

Revenues by operating segment includes intercompany transactions, which are eliminated in corporate and eliminations.

	Year ended May 31,		
	2009	2008	2007
Revenues			
Services	$ 167,543	$ 116,027	$ 90,867
Products and Systems	17,310	16,675	14,916
International	29,165	23,727	20,935
Corporate and eliminations	(4,885)	(4,161)	(4,477)
	$ 209,133	$ 152,268	$ 122,241

Operating income by operating segment includes intercompany transactions, which are eliminated in corporate and eliminations.

	Year ended May 31,		
	2009	2008	2007
Income from operations			
Services	$ 13,681	$ 14,649	$ 8,299
Products and Systems	1,664	2,723	2,640
International	4,091	2,408	2,146
Corporate and eliminations	(4,611)	(3,422)	(2,348)
	$ 14,825	$ 16,358	$ 10,737

	Year ended May 31,		
	2009	2008	2007
Depreciation and amortization:			
Services	$ 10,603	$ 9,529	$ 7,101
Products and Systems	1,038	1,017	926
International	900	861	760
Corporate and eliminations	95	16	(96)
	$ 12,636	$ 11,423	$ 8,691

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

	May 31, 2009	May 31, 2008
Intangible assets, net		
Services	$ 9,686	$ 9,841
Products and Systems	1,127	1,220
International	710	160
Corporate and eliminations	426	331
	$ 11,949	$ 11,552

	May 31, 2009	May 31, 2008
Goodwill		
Services	$ 37,355	$ 28,841
Products and Systems	—	—
International	1,501	—
Corporate and eliminations	(214)	(214)
	$ 38,642	$ 28,627

	May 31, 2009	May 31, 2008
Long-lived assets		
Services	$ 75,197	$ 60,785
Products and Systems	4,553	4,800
International	5,137	3,016
Corporate and eliminations	2,717	1,880
	$ 87,604	$ 70,481

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Results by geographic area

Net revenues by geographic area for the fiscal years ended May 31, 2009, 2008 and 2007 were as follows:

	Year Ended May 31,		
	2009	2008	2007
Revenues			
United States	$ 162,815	$ 118,316	$ 92,229
Other Americas	16,293	6,641	5,434
Europe	20,692	16,914	15,380
Asia-Pacific	9,333	10,397	9,198
	$ 209,133	$ 152,268	$ 122,241

No individual foreign country's revenues or long-lived assets were material for disclosure purposes.

21. Subsequent event

Credit agreement

On July 22, 2009, the Company refinanced its existing term loan and revolver with a new credit facility comprised of a $25,000 term loan and $55,000 revolver, a portion of which ($2,000 U.S. dollar equivalent) will be available to be borrowed in Canadian dollars. The interest rate is LIBOR or Base Rate, at the Company's option, plus a margin ranging from 0% to 3.25%, dependent upon the Company's Funded Debt Ratio, as defined. Quarterly principal payments of $1,500 will begin October 31, 2009 and increase to $2,000 and $2,750 on October 31, 2010 and October 31, 2011, respectively. The new facility contains certain financial and nonfinancial covenants that are consistent with the Company's existing loans. Proceeds will be used to pay down the Company's current term loan and revolver and to fund acquisitions and working capital.

Mistras Group, Inc. and Subsidiaries

Notes to consolidated financial statements—(continued)

Scheduled principal payments under all of the Company's borrowings after giving effect to the revised term loan payments in each of the five years and thereafter subsequent to May 31, 2009 are as follows:

Years ending	
2010	$ 11,181
2011	12,288
2012	11,501
2013	30,425
2014	184
Thereafter	672
Total	$ 66,251

Acquisitions

Concurrent with the refinancing, the Company acquired two unrelated entities to continue its strategic efforts in market expansion. The total cost of the acquisitions was $19,500 of which $14,000 was paid in cash and the balance by the issuance of subordinated seller notes of $3,000 and other liabilities of $2,500. The notes are payable over four years and bear interest at 4.0%. In addition, one acquisition has an additional contingent purchase price of $650 to $1,350 based on the acquired entity achieving certain revenue and profitability thresholds. The Company is in the process of completing the preliminary purchase price allocation. In connection with the acquisitions, the Company has also entered into finite at-will consulting and employment agreements with certain sellers. In the fourth quarter of fiscal year 2009, the Company expensed $150 of direct costs related to the acquisitions as they were in process but not completed by the effective date of SFAS 141R.

These acquisitions were not, individually or in the aggregate, significant.

Examples of customer solutions that use asset protection services, products and systems

Industry	Technologies used	Situation or what we did	Customer benefit
Fossil Power Utility	Ultrasonic Phased Array and Digital Radiography	• New concept endorsed by an insurance company and the Electric Power Research Institute • Minimized radiation exclusion zones, allowing for increased construction activity • Examined 150 boiler header welds and 14,000 boiler tube welds	Shortened their normal maintenance period by 15 full days at a total cost savings of nearly $15 million.
Oil and Gas	Guided Wave Ultrasonic Long Range Inspection	Used advanced technology that: • rapidly inspects 100% of large sections of piping with minimal insulation removal • identifies localized damage • inspects previously inaccessible areas where consequences and likelihood of failure are high	Obtained reliability correlation factor of 99% and customer can accelerate its testing of miles of pipeline.
Refineries and Petrochemical	Touch Point Corrosion Inspection	Our Services segment together with our Products and Systems segment developed an inspection methodology that quickly determines the integrity of a piping system by paying special attention to concerns when a pipe rests on a metal or wooden object resulting in the potential creation of a corrosion cell.	Customers now have a way to test these inaccessible areas without lifting the pipe and can avoid other problems such as dislodging environmentally sensitive materials or potentially causing additional damage to the piping system.
Ammonia Processing Tank	AE Sensors	96 sensors were placed under the insulation and cabled to a connection box. The vessel was filled and we evaluated the data.	Customer removed the vessel from service and repaired over 2,000 feet of weld that was defective from the original manufacture.

Part II

Information not required in prospectus

Item 13. *Other expenses of issuance and distribution.*

The following table sets forth the various expenses, other than underwriting discounts and commissions, payable by the registrant in connection with the sale of common stock being registered. All of the amounts shown are estimated except the SEC registration fee, the Financial Industry Regulatory Authority (FINRA) filing fee and the New York Stock Exchange listing fee.

		Amount to be paid
SEC registration fee	$	9,625.50
FINRA filing fee		17,750
New York Stock Exchange listing fee*		
Printing and engraving expenses*		
Legal fees and expenses*		
Accounting fees and expenses*		
Transfer agent and registrar fees*		
Miscellaneous fees and expenses*		
Total*	$	

* To be completed by amendment.

Item 14. *Indemnification of directors and officers.*

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

Section 145(b) of the DGCL provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted under standards similar to those discussed above, except that no indemnification may be made in respect of any

claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine that despite the adjudication of liability, such person is fairly and reasonably entitled to be indemnified for such expenses which the court shall deem proper.

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

The registrant's amended and restated bylaws provide that the registrant shall indemnify any director or officer of the corporation, and may indemnify any other person, who (a) was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, and (b) was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 102(b)(7) of the DGCL provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of

the DGCL; or (iv) for any transaction from which the director derived an improper personal benefit.

The registrant's second amended and restated certificate of incorporation provides that, to the fullest extent permitted by the DGCL, as the same exists or hereafter may be amended, a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for the breach of any fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit.

In addition, the registrant will enter into indemnification agreements, in the forms attached as Exhibit 10.1 hereto, with its directors and executive officers in connection with this offering. These indemnification agreements will require the registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status.

The registrant maintains directors' and officers' liability insurance for its officers and directors.

The underwriting agreement filed as Exhibit 1.1 to this Registration Statement contains provisions indemnifying officers and directors of the registrant against liabilities arising under the Securities Act or otherwise.

Item 15. *Recent sales of unregistered securities.*

In the three years preceding the filing of this registration statement, the registrant has issued the following securities that were not registered under the Securities Act:

Between August 15, 2006 and August 15, 2009, the registrant issued and sold an aggregate of 21,500 shares of common stock upon the exercise of options issued to certain employees, directors and officers under the registrant's 1995 Stock Plan at exercise prices ranging from $0.50 to $1.50 per share, for an aggregate consideration of $16,750.

On April 25, 2007, the registrant issued 18,000 shares of its Class B Convertible Redeemable Preferred Stock to Dr. Vahaviolos in connection with the purchase from him of substantially all of the capital stock of Envirocoustics ABEE, a Metamorhosi, Attica Greece corporation by one of our subsidiaries, Physical Acoustics Limited, an English limited company. This transaction did not involve any underwriter or a public offering.

The issuance of securities described above were deemed to be exempt from registration under the Securities Act of 1933 in reliance on Section 4(2) of the Securities Act of 1933 and Regulation D promulgated thereunder as transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and other instruments issued in such transactions. The sales of these securities were made without general solicitation or advertising.

Item 16. *Exhibits and financial statement schedules.*

(a) Exhibits.

The information required by this item is set forth on the exhibit index that follows the signature page of this Registration Statement.

(b) Financial statement schedules.

All financial statement schedules are omitted because they are inapplicable, not required or the information is indicated elsewhere in the consolidated financial statements or the notes thereto.

Item 17. *Undertakings.*

A. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the provisions described above in Item 14, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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

C. The undersigned registrant hereby undertakes that:

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

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

Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 4 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Princeton Junction, New Jersey, on September 21, 2009.

MISTRAS GROUP, INC.
(Registrant)

By: /s/ SOTIRIOS J. VAHAVIOLOS
Sotirios J. Vahaviolos
Chairman, President and Chief Executive Officer

Signatures

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 4 to the Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ Sotirios J. Vahaviolos Sotirios J. Vahaviolos	Chairman, President, Chief Executive Officer (*Principal Executive Officer*) and Director	September 21, 2009
/s/ Paul Peterik Paul Peterik	Chief Financial Officer (*Principal Financial and Accounting Officer*) and Secretary	September 21, 2009
* Elizabeth Burgess	Director	September 21, 2009
* Daniel M. Dickinson	Director	September 21, 2009
* James J. Forese	Director	September 21, 2009
* Michael J. Lange	Director	September 21, 2009
* Manuel N. Stamatakis	Director	September 21, 2009

*By: /s/ Sotirios J. Vahaviolos
Sotirios J. Vahaviolos
As Attorney-in-Fact

Exhibit index

Exhibit no.	Description
1.1	Form of Underwriting Agreement.
3.1	Second Amended and Restated Certificate of Incorporation.
3.2	Amended and Restated Bylaws.
4.1*	Specimen common stock certificate.
5.1*	Opinion of Fulbright & Jaworski L.L.P.
10.1	Form of Indemnification Agreement for directors and officers.
10.2	Amended and Restated Credit Agreement, as amended.
10.3*	Second Amended and Restated Credit Agreement dated as of July 22, 2009.
10.4	Employment Agreement by and between the registrant and Dr. Vahaviolos.
10.5	2007 Stock Option Plan and form of Stock Option Agreement.
10.6	2009 Long-Term Incentive Plan.
10.7	Form of 2009 Long-Term Incentive Plan Stock Option Agreement.
10.8	Form of 2009 Long-Term Incentive Plan Restricted Stock Agreement
21.1**	Subsidiaries of the Registrant.
23.1*	Consent of Fulbright & Jaworski L.L.P. (included in Exhibit 5.1).
23.2	Consent of PricewaterhouseCoopers LLP.
24.1**	Power of Attorney (on signature page).
99.1**	Consent of Richard H. Glanton.

* To be filed by amendment.

** Previously filed.

Exhibit 1.1

Mistras Group, Inc.

Common Stock

FORM OF UNDERWRITING AGREEMENT

, 2009

J.P. Morgan Securities Inc.,
383 Madison Avenue,
New York, N.Y. 10179

Credit Suisse Securities (USA) LLC,
Eleven Madison Avenue,
New York, N.Y. 10010

Merrill Lynch, Pierce, Fenner & Smith
Incorporated,
4 World Financial Center,
New York, N.Y. 10080

As Representatives (the **"Representatives"**) of the Several Underwriters,

Dear Sirs:

1. *Introductory*. Mistras Group, Inc., a Delaware corporation **("Company")**, agrees with the several Underwriters named in Schedule A hereto **("Underwriters")** to issue and sell to the several Underwriters shares of its common stock, par value $0.01 per share **("Securities")**, and the stockholders listed in Schedule B hereto **("Selling Stockholders")** agree severally with the Underwriters to sell to the several Underwriters an aggregate of outstanding shares of the Securities (such shares of Securities being hereinafter referred to as the **"Firm Securities"**). The Company also agrees to sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than additional shares of its Securities and the Selling Stockholders also agree to sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than additional outstanding shares (such shares of Securities being hereinafter referred to as the **"Optional Securities"**) of the Company's Securities, as set forth below. The Firm Securities and the Optional Securities are herein collectively called the **"Offered Securities"**. As part of the offering contemplated by this Agreement, (the **"Designated Underwriter"**) has agreed to reserve out of the Firm Securities purchased by it under this Agreement, up to shares, for sale to the Company's directors, officers, employees and other parties associated with the Company (collectively, **"Participants"**), as set forth in the Final Prospectus (as defined herein) under the heading "Underwriting" (the **"Directed Share Program"**). The Firm Securities to be sold by the Designated Underwriter pursuant to the Directed Share Program (the **"Directed Shares"**) will be sold by the Designated Underwriter pursuant to this Agreement at the public offering price. Any Directed Shares not subscribed for by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Final Prospectus.

2. *Representations and Warranties of the Company and the Selling Stockholders*. (a) The Company represents and warrants to, and agrees with, the several Underwriters that:

(i) *Filing and Effectiveness of Registration Statement; Certain Defined Terms*. The Company has filed with the Commission a registration statement on Form S-1 (No. 333-151559)

covering the registration of the Offered Securities under the Act, including a related preliminary prospectus or prospectuses. At any particular time, this initial registration statement, in the form then on file with the Commission, including all information contained in the registration statement (if any) pursuant to Rule 462(b) and then deemed to be a part of the initial registration statement, and all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the **"Initial Registration Statement"**. The Company may also have filed, or may file with the Commission, a Rule 462(b) registration statement covering the registration of Offered Securities. At any particular time, this Rule 462(b) registration statement, in the form then on file with the Commission, including the contents of the Initial Registration Statement incorporated by reference therein and including all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the **"Additional Registration Statement"**.

As of the time of execution and delivery of this Agreement, the Initial Registration Statement has been declared effective under the Act and is not proposed to be amended. Any Additional Registration Statement has or will become effective upon filing with the Commission pursuant to Rule 462(b) and is not proposed to be amended. The Offered Securities all have been or will be duly registered under the Act pursuant to the Initial Registration Statement and, if applicable, the Additional Registration Statement.

For purposes of this Agreement:

"430A Information", with respect to any registration statement, means information included in a prospectus and retroactively deemed to be a part of such registration statement pursuant to Rule 430A(b).

"430C Information", with respect to any registration statement, means information included in a prospectus then deemed to be a part of such registration statement pursuant to Rule 430C.

"Act" means the Securities Act of 1933, as amended.

"Applicable Time" means :00 [a/p]m (Eastern time) on the date of this Agreement.

"Closing Date"has the meaning defined in Section 3 hereof.

"Commission" means the United States Securities and Exchange Commission.

"Effective Time" with respect to the Initial Registration Statement or, if filed prior to the execution and delivery of this Agreement, the Additional Registration Statement means the date and time as of which such Registration Statement was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c). If an Additional Registration Statement has not been filed prior to the execution and delivery of this Agreement but the Company has advised the Representatives that it proposes to file one, **"Effective Time"** with respect to such Additional Registration Statement means the date and time as of which such Registration Statement is filed and becomes effective pursuant to Rule 462(b).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Final Prospectus" means the Statutory Prospectus that discloses the public offering price, other 430A Information and other final terms of the Offered Securities and otherwise satisfies Section 10(a) of the Act.

"General Use Issuer Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being so specified in Schedule C to this Agreement.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus", as defined in Rule 433, relating to the Offered Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Limited Use Issuer Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

The Initial Registration Statement and the Additional Registration Statement are referred to collectively as the **"Registration Statements"** and individually as a **"Registration Statement"**. A **"Registration Statement"** with reference to a particular time means the Initial Registration Statement and any Additional Registration Statement as of such time. A **"Registration Statement"** without reference to a time means such Registration Statement as of its Effective Time. For purposes of the foregoing definitions, 430A Information with respect to a Registration Statement shall be considered to be included in such Registration Statement as of the time specified in Rule 430A.

"Rules and Regulations" means the rules and regulations of the Commission.

"Securities Laws" means, collectively, the Sarbanes-Oxley Act of 2002 **("Sarbanes-Oxley")**, the Act, the Exchange Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange and the NASDAQ Stock Market **("Exchange Rules")**.

"Statutory Prospectus" with reference to a particular time means the prospectus included in a Registration Statement immediately prior to that time, including any 430A Information or 430C Information with respect to such Registration Statement. For purposes of the foregoing definition, 430A Information shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) or Rule 462(c) and not retroactively.

Unless otherwise specified, a reference to a "rule" is to the indicated rule under the Act.

(ii) *Compliance with Securities Act Requirements*. (i) (A) At their respective Effective Times, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement and the Additional Registration Statement (if any) conformed and will conform in all material respects to the requirements of the Act, (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Time of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus will conform in all material respects to the requirements of the Act and the Rules and Regulations and will not include 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, in light of the circumstances under which they were made, not misleading and (iii) on the date of this Agreement, at their respective Effective Times or issue dates and on each Closing Date, each Registration Statement, the Final Prospectus, any Statutory Prospectus, any prospectus wrapper and any Issuer Free Writing Prospectus complied or comply, and such documents and any further amendments or supplements thereto will comply, in all material respects, with any applicable laws or regulations of foreign jurisdictions in which the Final Prospectus, any Statutory Prospectus, any prospectus wrapper or any Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Company by (a) any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(c) hereof or (b) any Selling Stockholder specifically for use therein, it being understood and agreed that the only such

information furnished by such Selling Stockholder (the **"Selling Stockholder Information"** of such Selling Stockholder) consists of the information with respect to such Selling Stockholder that appears in the table and the corresponding footnotes thereto, excluding any percentages, under the caption "Principal and Selling Stockholders" in the Final Prospectus and the General Disclosure Package.

(iii) *Ineligible Issuer Status.* (i) At the time of the initial filing of the Initial Registration Statement and (ii) at the date of this Agreement, the Company was not and is not an "ineligible issuer," as defined in Rule 405, including (x) the Company or any subsidiary of the Company in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Securities, all as described in Rule 405.

(iv) *General Disclosure Package*. As of the Applicable Time, neither (i) the General Use Issuer Free Writing Prospectus(es) issued at or prior to the Applicable Time, the preliminary prospectus, dated , 2009 (which is the most recent Statutory Prospectus distributed to investors generally) and the other information, if any, stated in Schedule C to this Agreement to be included in the general disclosure package, all considered together (collectively, the **"General Disclosure Package"**), nor (ii) any individual Limited Use Issuer Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by (a) any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(c) hereof or (b) any Selling Stockholder specifically for use therein, it being understood and agreed that the only such information furnished by such Selling Stockholder is the Selling Stockholder Information.

(v) *Issuer Free Writing Prospectuses*. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Securities or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (i) the Company has promptly notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by (a) any Underwriter consists of the information described as such in Section 8(c) hereof or (b) any Selling Stockholder specifically for use therein, it being understood and agreed that the only such information furnished by such Selling Stockholder is the Selling Stockholder Information.

(vi) *Good Standing of the Company.* The Company has been duly incorporated and is existing and in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), results of operations, business or properties of the Company and its subsidiaries taken as whole **("Material Adverse Effect")**.

(vii) *Subsidiaries.* Each subsidiary of the Company that meets the definition in Rule 1-02(w) of Regulation S-X (each a **"Significant Subsidiary"** and collectively, the **"Significant Subsidiaries"**) is listed in Schedule D to this Agreement. Each of the Significant Subsidiaries has been duly incorporated, formed or organized and is existing and in good standing under the laws of the jurisdiction of its incorporation, formation or organization with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package; and each Significant Subsidiary is duly qualified to do business as a foreign entity in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified or be in good standing would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; all of the issued and outstanding equity interests or capital stock of each subsidiary of the Company have been duly authorized and validly issued and are fully paid and nonassessable; and the equity interests or capital stock of each Significant Subsidiary owned by the Company, directly or through subsidiaries, are owned free from liens, encumbrances and defects, except for such liens and encumbrances (A) imposed under the Company's second amended and restated credit agreement, dated as of July 22, 2009, with Bank of America, N.A., JPMorgan Chase Bank, N.A., TD Bank, N.A. and Capital One, N.A., (B) as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (C) as disclosed in the General Disclosure Package or the Final Prospectus.

(viii) *Offered Securities; Capitalization*. The Offered Securities and all other outstanding shares of capital stock of the Company have been duly authorized; the authorized equity capitalization of the Company is as set forth in the General Disclosure Package; all outstanding shares of capital stock of the Company are, and, when the Offered Securities have been delivered and paid for in accordance with this Agreement on each Closing Date, such Offered Securities will have been, validly issued, fully paid and nonassessable, and will conform to the information in the General Disclosure Package and to the description of such Offered Securities contained in the Final Prospectus; the stockholders of the Company have no preemptive rights with respect to the Securities; and none of the outstanding shares of capital stock of the Company have been issued in violation of any preemptive or similar rights of any security holder.

(ix) *No Finder's Fee*. Except as disclosed in the General Disclosure Package and as contemplated by this Agreement, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering.

(x) *Registration Rights.* Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, **"registration rights"**), and any person to whom the Company has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5(k) hereof.

(xi) *Listing.* The Offered Securities have been approved for listing on the New York Stock Exchange, subject to notice of issuance.

(xii) *Absence of Further Requirements.* No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required to be obtained or made by the Company for the consummation of the transactions contemplated by this Agreement in connection with the sale of the Offered Securities, except (A) for such consents, approvals, authorizations, orders or filings obtained or made prior to the date hereof or that will have been obtained prior to the First Closing Date, (B) for the filing of the Registration Statements, as applicable, and the order of the Commission declaring the Registration Statements effective, (C) such as may be required under United States federal or state securities laws and (D) for those as to which the failure to obtain or make would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the ability of the Company to execute, deliver and perform the transactions contemplated by this Agreement. No authorization, consent, approval, license, qualification or order of, or filing or registration with any person (including any governmental agency or body or any court) in any foreign jurisdiction is required to be obtained or made by the Company for the consummation of the transactions contemplated by this Agreement in connection with the offering, issuance and sale of the Directed Shares under the laws and regulations of such jurisdiction except such as have been obtained or made and the matters set forth in sub clauses (A) through (D) in this Section 2(xii).

(xiii) *Title to Property*. Except as disclosed in the General Disclosure Package, the Company and the Significant Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, charges, encumbrances and defects, except such liens, charges, encumbrances and defects, that would, individually or in the aggregate, have a Material Adverse Effect, and, except as disclosed in the General Disclosure Package, the Company and the Significant Subsidiaries hold all leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them, other than those exceptions that would not, individually or in the aggregate, have a Material Adverse Effect.

(xiv) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of this Agreement, and the issuance and sale of the Offered Securities will not result in a breach or violation of (A) any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the Significant Subsidiaries pursuant to, the charter or by-laws (or similar organizational documents) of the Company or any of the Significant Subsidiaries, (B) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (C) any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties of the Company or any of its subsidiaries is subject, except with respect to (B) and (C) only, for such breaches, violations or defaults that would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect; a **"Debt Repayment Triggering Event"** means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(xv) *Absence of Existing Defaults and Conflicts.* Neither the Company nor any of its subsidiaries is in violation of its respective charter or by-laws (or similar organizational documents) or in default (or with the giving of notice or lapse of time would be in default) under any existing obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of the properties of any of them is subject, except

such defaults that would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(xvi) *Authorization of Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(xvii) *Possession of Licenses and Permits.* (A) The Company and the Significant Subsidiaries possess, and are in compliance with the terms of, all adequate certificates, authorizations, franchises, licenses and permits **("Licenses")** necessary or material to the conduct of the business that the Company currently conducts and neither the Company nor any of the Significant Subsidiaries has received any written notice of proceedings relating to the revocation or modification of any such Licenses that, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (B) with respect to business that the Company proposes to conduct in the General Disclosure Package, such Licenses can be obtained on customary terms and conditions, and neither the Company nor the Significant Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Licenses that, if determined adversely to the Company or any of its subsidiaries would, individually or in the aggregate, have a Material Adverse Effect.

(xviii) *Absence of Labor Dispute.* No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent that could have a Material Adverse Effect.

(xix) *Possession of Intellectual Property.* The Company and its subsidiaries own, possess or can acquire on reasonable terms sufficient trademarks, trade names, patent rights, copyrights, domain names, licenses, approvals, trade secrets, inventions, technology, know-how and other intellectual property and similar rights, including registrations and applications for registration thereof (collectively, **"Intellectual Property Rights"**) necessary or material to the conduct of the business now conducted or proposed in the General Disclosure Package to be conducted by them, have not received any notice of infringement of or conflict with asserted rights of others with respect to any Intellectual Property Rights that if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate, have a Material Adverse Effect, and the expected expiration of any such Intellectual Property Rights would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the General Disclosure Package, there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any subsidiary infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of others and the Company is unaware of any fact which would form a reasonable basis for any such claim.

(xx) *Environmental Laws.* Except as disclosed in the General Disclosure Package, neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, **"environmental laws"**), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim.

(xxi) *Accurate Disclosure.* The statements in the General Disclosure Package and the Final Prospectus under the headings "Certain Material U.S. Federal Tax Consequences for Non-U.S. Holders of Common Stock", "Description of Capital Stock", "Business—Legal Proceedings" and "Certain Relationships and Related Transactions", insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are, in all material respects,

accurate and fair summaries of such legal matters, agreements, documents or proceedings and present the information required to be shown.

(xxii) *Absence of Manipulation*. The Company has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities, except as disclosed in the General Disclosure Package and Final Prospectus.

(xxiii) *Statistical and Market-Related Data*. Any third-party statistical and market-related data included in a Registration Statement, a Statutory Prospectus or the General Disclosure Package are based on or derived from sources that the Company believes to be reliable and accurate.

(xxiv) *Internal Controls.* Except as set forth in the General Disclosure Package, the Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function and legal and regulatory compliance controls (collectively, **"Internal Controls"**) that comply with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Securities will be, overseen by the Audit Committee (the **"Audit Committee"**) of the Company's Board of Directors (the **"Board"**) in accordance with Exchange Rules. Except as disclosed in the General Disclosure Package, the Company has not publicly disclosed or reported to the Audit Committee or the Board, since the date of the Company's most recently audited fiscal year, and the Company does not reasonably expect to publicly disclose or report to the Audit Committee or the Board within the next 90 days from the date of this Agreement, a significant deficiency, material weakness, change in Internal Controls or fraud involving management or other employees who have a significant role in Internal Controls (each, an **"Internal Control Event"**), any violation of, or failure to comply with, the Securities Laws, or any matter involving internal controls, which in all instances, if determined adversely, would have a Material Adverse Effect.

(xxv) *Absence of Accounting Issues.* The Board of Directors of the Company has confirmed to the Chief Executive Officer or Chief Financial Officer that, except as set forth in the General Disclosure Package, the Board is not reviewing or investigating, and neither the Company's independent auditors nor its internal auditors have recommended that the Board review or investigate, (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies; (ii) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years; or (iii) any Internal Control Event.

(xxvi) *Litigation*. Except as disclosed in the General Disclosure Package, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company, any of the Significant Subsidiaries or any of their respective properties that, if determined adversely to the Company or any of the Significant Subsidiaries, would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, or would materially and adversely affect the ability of the Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are pending or, to the Company's knowledge, threatened.

(xxvii) *Financial Statements.* The financial statements included in each Registration Statement and the General Disclosure Package present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis; the schedules included in each Registration Statement present fairly the information required to be stated therein; and the assumptions used in preparing the pro forma financial statements included in each Registration Statement and the General Disclosure Package provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein; the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(xxviii) *No Material Adverse Change in Business*. Except as disclosed in the General Disclosure Package, since the end of the period covered by the latest audited financial statements included in the General Disclosure Package (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, or properties of the Company and its subsidiaries, taken as a whole, that is material and adverse, (ii) except as disclosed in or contemplated by the General Disclosure Package, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock and (iii) except as disclosed in or contemplated by the General Disclosure Package, there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company and the Significant Subsidiaries.

(xxix) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, will not be an "investment company" as defined in the Investment Company Act of 1940 (the **"Investment Company Act"**).

(xxx) *Ratings.* No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) (i) has imposed (or has informed the Company that it is considering imposing) any condition (financial or otherwise) on the Company's retaining any rating assigned to the Company or any securities of the Company or (ii) has indicated to the Company that it is considering any of the actions described in Section 7(c)(ii) hereof.

(xxxi) *PFIC Status.* No subsidiary of the Company created or organized outside of the United States was a "passive foreign investment company" **("PFIC")** as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended (the **"Code"**), for its most recently completed taxable year and, based on the relevant subsidiary's current projected income, assets and activities, it does not expect to be classified as a PFIC for any subsequent taxable year.

(xxxii) *Absence of Unlawful Influence.* The Company has not offered or sold, or caused the Underwriters to offer or sell, any Offered Securities to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

(xxxiii) *Compliance with Various Laws and Regulations*. Each of the Company, the Significant Subsidiaries, their affiliates and, to the Company's knowledge, any of their respective officers, directors, supervisors, managers, agents, or employees, has not violated, and its participation in the offering will not violate, each of the following laws: (a) anti-bribery laws, including but not limited to, any applicable law, rule, or regulation of any locality, including but not limited to any law, rule, or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed December 17, 1997, including the U.S. Foreign Corrupt Practices Act of 1977 or any other law, rule or regulation of

similar purpose and scope, (b) anti-money laundering laws, including but not limited to, applicable Federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code Sections 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (c) laws and regulations imposing U.S. economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder.

(xxxiv) *Tax Filings*. The Company and its subsidiaries have filed all federal, state, local and non-U.S. tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not have a Material Adverse Effect); and, except as set forth in the General Disclosure Package, the Company and its subsidiaries have paid all taxes (including any assessments, fines or penalties) required to be paid by them, except for any such taxes, assessments, fines or penalties currently being contested in good faith or as would not, individually or in the aggregate, have a Material Adverse Effect.

(xxxv) *Insurance*. The Company and its subsidiaries are insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as are customary for the businesses in which they are engaged; all policies of insurance insuring the Company or any of its subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and there are no claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; the Company has not been refused any insurance coverage sought or applied for; neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as set forth in or contemplated in the General Disclosure Package.

(b) Each Selling Stockholder severally represents and warrants to, and agrees with, the several Underwriters that:

(i) *Title to Securities.* Such Selling Stockholder has and on each Closing Date hereinafter mentioned will have valid and unencumbered title to the Offered Securities to be delivered by such Selling Stockholder on such Closing Date and full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver the Offered Securities to be delivered by such Selling Stockholder on such Closing Date hereunder; and upon the delivery of and payment for the Offered Securities on each Closing Date hereunder the several Underwriters will acquire valid and unencumbered title to the Offered Securities to be delivered by such Selling Stockholder on such Closing Date.

(ii) *Absence of Further Requirements*. No consent, approval, authorization or order of, or filing with, any person (including any governmental agency or body or any court) is required to be obtained or made by such Selling Stockholder for the consummation of the transactions contemplated by the Custody Agreement or this Agreement in connection with the offering and sale of the Offered Securities sold by the Selling Stockholders, except (A) for such consents, approvals, authorizations, orders or filings obtained or made prior to the date hereof or that will have been obtained prior to the First Closing Date, (B) for the filing of the Registration

Statements, as applicable, and the order of the Commission declaring the Registration Statements effective, (C) such as have been obtained and made under the Act and such as may be required under federal and state securities laws; and (D) for those as to which the failure to obtain or make would not reasonably be expected to, individually or in the aggregate, have an adverse effect on the ability of the Selling Stockholder to execute, deliver and perform the transactions contemplated by this Agreement;

(iii) *Absence of Defaults and Conflicts Resulting from Transaction*. The execution, delivery and performance of the Custody Agreement and this Agreement and the consummation of the transactions therein and herein contemplated will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of such Selling Stockholders pursuant to, (A) any statute, any rule, regulation or order of any governmental agency or body or any court having jurisdiction over such Selling Stockholder or any of its properties, (B) any agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the properties of any Selling Stockholder is subject, or (C) if such Selling Stockholder is an entity, the charter or by-laws or other organizational documents of such Selling Stockholder; except in the case of (A) and (B) only, for such breach, violation, or default that would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the ability of such Selling Stockholder to consummate the transactions contemplated by this Agreement.

(iv) *Custody Agreement*. The Power of Attorney and related Custody Agreement with respect to the such Selling Stockholder has been duly authorized, executed and delivered by such Selling Stockholder and constitute valid and legally binding obligations of such Selling Stockholder enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(v) *Compliance with Securities Act Requirements*. (i) (A) At their respective Effective Times, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement and the Additional Registration Statement (if any) conformed and will conform in all respects to the requirements of the Act, (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Time of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus will not include 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, in light of the circumstances under which they were made, not misleading and (iii) on the date of this Agreement, at their respective Effective Times or issue dates and on each Closing Date, each Registration Statement, the Final Prospectus, any Statutory Prospectus and any prospectus wrapper complied or comply, and such documents and any further amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Final Prospectus, any Statutory Prospectus or any prospectus wrapper, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program. The preceding sentence applies only to the extent that any such statement in or omissions from any such document is made in reliance upon and in conformity with written information furnished to the Company by such Selling Stockholder specifically for use therein, it being understood and agreed that the only such information furnished by such Selling Stockholder is the Selling Stockholder Information.

(vi) *No Undisclosed Material Information*. The sale of the Offered Securities by such Selling Stockholder pursuant to this Agreement is not prompted by any material information concerning the Company or any of the Significant Subsidiaries that is not set forth the General Disclosure Package.

(vii) *Authorization of Agreement*. This Agreement has been duly authorized, executed and delivered by such Selling Stockholder.

(viii) *No Finder's Fee.* Except as disclosed in the General Disclosure Package or as contemplated by this Agreement, there are no contracts, agreements or understandings between such Selling Stockholder and any person that would give rise to a valid claim against such Selling Stockholder or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the issuance or sale of Offered Securities.

(ix) *Absence of Manipulation*. Such Selling Stockholder has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities.

3. *Purchase, Sale and Delivery of Offered Securities*. On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company and each Selling Stockholder agree, severally and not jointly, to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company and each Selling Stockholder, at a purchase price of $ per share, that number of Firm Securities (rounded up or down, as determined by the Representatives in their discretion, in order to avoid fractions) obtained by multiplying Firm Securities in the case of the Company and the number of Firm Securities set forth opposite the name of such Selling Stockholder in Schedule B hereto, in the case of a Selling Stockholder, in each case by a fraction the numerator of which is the number of Firm Securities set forth opposite the name of such Underwriter in Schedule A hereto and the denominator of which is the total number of Firm Securities.

Certificates in negotiable form for the Offered Securities to be sold by the Selling Stockholders hereunder have been placed in custody, for delivery under this Agreement, under Custody Agreements made with the Company, as custodian **("Custodian")**. Each Selling Stockholder agrees that the shares represented by the certificates held in custody for the Selling Stockholders under such Custody Agreements are subject to the interests of the Underwriters hereunder, that the arrangements made by the Selling Stockholders for such custody are to that extent irrevocable, and that the obligations of the Selling Stockholders hereunder shall not be terminated by operation of law, whether by the death of any individual Selling Stockholder or the occurrence of any other event, or in the case of a trust, by the death of any trustee or trustees or the termination of such trust. If any individual Selling Stockholder or any such trustee or trustees should die, or if any other such event should occur, or if any of such trusts should terminate, before the delivery of the Offered Securities hereunder, certificates for such Offered Securities shall be delivered by the Custodian in accordance with the terms and conditions of this Agreement as if such death or other event or termination had not occurred, regardless of whether or not the Custodian shall have received notice of such death or other event or termination.

The Company and the Custodian (on behalf of the Selling Stockholders) will deliver the Firm Securities to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price by the Underwriters in Federal (same day) funds by official bank check or checks or wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company in the case of shares of the Firm Securities sold by the Company, and the Company, as Custodian for the Selling Stockholders, in the case of the Firm Securities sold by the Selling Stockholders, at the office of Cravath, Swaine & Moore LLP, at 10:00 A.M., New York time, on , 2009, or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the **"First Closing Date"**. For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering. The Firm Securities so to be delivered or evidence of their issuance will be made available for checking at the above office of Cravath, Swaine & Moore LLP at least 24 hours prior to the First Closing Date.

In addition, upon written notice from the Representatives given to the Company and the Selling Stockholders from time to time not more than 30 days subsequent to the date of the Final Prospectus, the Underwriters may purchase all or less than all of the Optional Securities at the purchase price per Security to be paid for the Firm Securities. The Company and the Selling Stockholders agree, severally and not

jointly, to sell to the Underwriters the respective numbers of Optional Securities obtained by multiplying the number of Optional Securities specified in such notice by a fraction the numerator of which is in the case of the Company and the number of shares set forth opposite the names of such Selling Stockholders in Schedule B hereto under the caption "Number of Optional Securities to be Sold" in the case of the Selling Stockholders and the denominator of which is the total number of Optional Securities (subject to adjustment by the Representatives to eliminate fractions). Such Optional Securities shall be purchased from the Company and each Selling Stockholder for the account of each Underwriter in the same proportion as the number of Firm Securities set forth opposite such Underwriter's name bears to the total number of Firm Securities (subject to adjustment by the Representatives to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company and the Selling Stockholders.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as an **"Optional Closing Date"**, which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a **"Closing Date"**), shall be determined by the Representatives but shall be not earlier than two business days and not later than five full business days after written notice of election to purchase Optional Securities is given. The Company and the Custodian will deliver the Optional Securities being purchased on each Optional Closing Date to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives, against payment by the Underwriters of the purchase price therefore in Federal (same day) funds by official bank check or checks or wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company in the case of Optional Securities sold by the Company and to the Company, as Custodian for the Selling Stockholders, in the case of the Optional Securities sold by the Selling Stockholders, at the office of Cravath, Swaine & Moore LLP. The Optional Securities being purchased on each Optional Closing Date or evidence of their issuance will be made available for checking at the above office of Cravath, Swaine & Moore LLP at a reasonable time in advance of such Optional Closing Date.

4. *Offering by Underwriters*. It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Final Prospectus.

5. *Certain Agreements of the Company and the Selling Stockholders*. The Company agrees with the several Underwriters and the Selling Stockholders that:

(a) *Additional Filings.* Unless filed pursuant to Rule 462(c) as part of the Additional Registration Statement in accordance with the next sentence, the Company will file the Final Prospectus, in a form approved by the Representatives with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by the Representatives, which consent shall not be unreasonably withheld, subparagraph (4)) of Rule 424(b) not later than the earlier of (A) the second business day following the execution and delivery of this Agreement or (B) the fifteenth business day after the Effective Time of the Initial Registration Statement. The Company will advise the Representatives promptly of any such filing pursuant to Rule 424(b) and provide satisfactory evidence to the Representatives of such timely filing. If an Additional Registration Statement is necessary to register a portion of the Offered Securities under the Act but the Effective Time thereof has not occurred as of the execution and delivery of this Agreement, the Company will file the additional registration statement or, if filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b) on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Final Prospectus is finalized and distributed to any Underwriter, or will make such filing at such later date as shall have been consented to by the Representatives.

(b) *Filing of Amendments: Response to Commission Requests.* The Company will promptly advise the Representatives of any proposal to amend or supplement at any time the Initial Registration Statement, any Additional Registration Statement or any Statutory Prospectus and will not effect such amendment or supplementation without the Representatives' consent, which consent shall not be unreasonably withheld; and the Company will also advise the Representatives promptly of (i) the effectiveness of any Additional Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement), (ii) any amendment or supplementation of a Registration Statement or any Statutory Prospectus, (iii) any request by the Commission or its staff for any amendment to any Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iv) the institution by the Commission of any stop order proceedings in respect of a Registration Statement or the threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its commercially reasonable efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) *Continued Compliance with Securities Laws.* If, at any time when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and any other dealers upon request of the Representatives, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(d) *Rule 158.* As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its security holders an earnings statement covering a period of at least 12 months beginning after the Effective Date of the Initial Registration Statement (or, if later, the Effective Time of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act. For the purpose of the preceding sentence, **"Availability Date"** means the day after the date the Company is required to file its Form 10-Q for the fourth fiscal quarter following the fiscal quarter that includes such Effective Time on which the Company is required to file its Form 10-Q for such fiscal quarter except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, **"Availability Date"** means the day after the end of such fourth fiscal quarter on which the Company is required to file its Form 10-K.

(e) *Furnishing of Prospectuses.* The Company will furnish to the Representatives copies of each Registration Statement (3 of which will be signed and will include all exhibits), each related Statutory Prospectus, and, so long as a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act, the Final Prospectus and all amendments and supplements to such documents, in each case in such quantities as the Representatives request. The Final Prospectus shall be so furnished on or prior to 3:00 P.M., New York time, on the business day following the execution and delivery of this Agreement. All other such documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) *Blue Sky Qualifications.* The Company will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and will

continue such qualifications in effect so long as required for the distribution of the Offered Securities by the Underwriters; provided that the Company will not be required to (i) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction, (ii) file any general consent to service of process in any such jurisdiction, or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Reporting Requirements.* For five years, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system **("EDGAR")**, it is not required to furnish such reports or statements to the Underwriters.

(h) *Payment of Expenses.* The Company agrees with the several Underwriters that the Company will pay all expenses incident to the performance of the obligations of the Company and the Selling Stockholders under this Agreement, including but not limited to any filing fees and other expenses (including fees and disbursements of counsel to the Underwriters) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and the preparation and printing of memoranda relating thereto costs and expenses related to the review by the National Association of Securities Dealers, Inc. of the Offered Securities (including filing fees and the fees and expenses of counsel for the Underwriters relating to such review) costs and expenses relating to investor presentations or any "road show" in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of the Company's officers and employees and any other expenses of the Company including the chartering of airplanes, fees and expenses incident to listing the Offered Securities on the New York Stock Exchange, American Stock Exchange, NASDAQ Global Stock Market and other national and foreign exchanges, fees and expenses in connection with the registration of the Offered Securities under the Exchange Act and expenses incurred in distributing preliminary prospectuses and the Final Prospectus (including any amendments and supplements thereto) to the Underwriters and for expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors. Each Selling Stockholder agrees with the several Underwriters that such Selling Stockholder will pay any transfer taxes on the sale by such Selling Stockholder of his, her or its Offered Securities to the Underwriters.

(i) *Use of Proceeds.* The Company will use the net proceeds received by it in connection with this offering in the manner described in the "Use of Proceeds" section of the General Disclosure Package and, except as disclosed in the General Disclosure Package, the Company does not intend to use any of the proceeds from the sale of the Offered Securities hereunder to repay any outstanding debt owed to any affiliate of any Underwriter.

(j) *Absence of Manipulation.* The Company and the Selling Stockholders will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Offered Securities.

(k) *Restriction on Sale of Securities by Company.* For the period specified below (the **"Lock-Up Period"**), the Company will not, directly or indirectly, take any of the following actions with respect to its Securities, the Underlying Shares or any securities convertible into or exchangeable or exercisable for any of its Securities or Underlying Shares **("Lock-Up Securities")**: (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or

warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the Commission a registration statement under the Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, without the prior written consent of the Representatives, except (i) issuances of Lock-Up Securities upon the exercise of options disclosed as outstanding in the General Disclosure Package or described in subsection (ii) below, (ii) the grant by the Company of stock options, stock appreciation rights, restricted stock, restricted stock units or other stock-based awards pursuant to the Company's 2009 Long-Term Incentive Plan as described in the General Disclosure Package, (iii) the issuance by the Company of Securities in an amount not to exceed 10% of the total number of shares of Offered Securities as consideration or partial consideration for the acquisition of another corporation or entity or the acquisition of assets or properties of any such corporation or entity, or in connection with a licensing, lending or similar transaction, (iv) issuances of Securities upon the conversion of all of the Class A Convertible Redeemable Preferred Stock and Class B Convertible Redeemable Preferred Stock as described in the General Disclosure Package upon the closing of the transactions contemplated by this Agreement or (v) the filing of any registration statement on Form S-8 with respect to any stock incentive plan or stock ownership plan relating to securities described in clause (i) or (ii) above; provided, however, that in each case described in clause (iii) above, each of the recipients of the Securities agrees in writing to the Representatives to be bound by the restrictions described in this paragraph for the remainder of such Lock-Up Period. The initial Lock-Up Period will commence on the date hereof and continue for 180 days after the date hereof or such earlier date that the Representatives consent to in writing; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or material news or a material event relating to the Company occurs or (2) prior to the expiration of the initial Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the materials news or material event, as applicable, unless the Representatives waive, in writing, such extension. The Company will provide the Representatives with notice of any announcement described in clause (2) of the preceding sentence that gives rise to an extension of the Lock-Up Period.

(l) *Transfer Restriction.* In connection with the Directed Share Program, the Company will ensure that the Directed Shares will be restricted to the extent required by the Financial Industry Regulatory Authority ("FINRA") or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of the effectiveness of the Registration Statement. The Designated Underwriter will notify the Company as to which Participants will need to be so restricted. The Company will direct the transfer agent to place stop transfer restrictions upon such securities for such period of time.

(m) *Payment of Expenses Related to Directed Share Program.* The Company will pay all fees and disbursements of counsel (including non-U.S. counsel) incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program.

(n) *Compliance with Foreign Laws.* The Company will comply with all applicable securities and other applicable laws, rules and regulations in each foreign jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program; provided that the Company will not be required to qualify as a foreign corporation or to file a general consent to service of process in any such jurisdiction.

6. *Free Writing Prospectuses*. (a) *Issuer Free Writing Prospectuses*. The Company and Selling Stockholders represent and agree that, unless they obtain the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the

Representatives, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a **"Permitted Free Writing Prospectus."** The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping. The Company represents that is has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

7. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Firm Securities on the First Closing Date and the Optional Securities to be purchased on each Optional Closing Date will be subject to the accuracy of the representations and warranties of the Company and the Selling Stockholders herein on the date hereof (and as though made on such Closing Date), to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their obligations hereunder and to the following additional conditions precedent:

(a) *Accountants' Comfort Letter.* The Representatives shall have received letters, dated, respectively, the date hereof and each Closing Date, of each of PricewaterhouseCoopers LLP and Amper, Politziner & Mattia LLP confirming that they are each a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and in form and substance reasonably satisfactory to the Representatives (except that, in any letter dated a Closing Date, the specified date referred to shall be a date no more than three days prior to such Closing Date).

(b) *Effectiveness of Registration Statement.* If the Effective Time of the Additional Registration Statement (if any) is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or, if earlier, the time the Final Prospectus is finalized and distributed to any Underwriter, or shall have occurred at such later time as shall have been consented to by the Representatives. The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) hereof. Prior to such Closing Date, no stop order suspending the effectiveness of a Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of any Selling Stockholder, the Company or the Representatives, shall be contemplated by the Commission.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business or properties of the Company and its subsidiaries taken as a whole which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to market the Offered Securities; (ii) any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g)), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impractical to market or to enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange or any setting of minimum or maximum prices for trading on such exchange; (v) any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S.

Federal or New York authorities; (vii) any major disruption of settlements of securities, payment or clearance services in the United States or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(d) *Opinion of Counsel for the Company.* The Representatives shall have received an opinion, dated such Closing Date, of Fulbright & Jaworski L.L.P., counsel for the Company, in form and substance reasonably satisfactory to the Representatives.

(e) *Opinion of Counsel for Selling Stockholders.* The Representatives shall have received an opinion, dated such Closing Date, of Fulbright & Jaworski L.L.P., counsel for the Selling Stockholders, in form and substance reasonably satisfactory to the Representatives.

(f) *Opinion of Counsel for Underwriters.* The Representatives shall have received from Cravath, Swaine & Moore LLP, counsel for the Underwriters, such opinion or opinions, dated such Closing Date, with respect to such matters as the Representatives may require, and the Selling Stockholders and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) *Officer's Certificate.* The Representatives shall have received a certificate, dated such Closing Date, of an executive officer of the Company and a principal financial or accounting officer of the Company in which such officers shall state that: the representations and warranties of the Company in this Agreement are true and correct; the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 111(a) or (b) of Regulation S-T of the Commission; and, subsequent to the date of the most recent financial statements in the General Disclosure Package, there has been no material adverse change in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole except as set forth in the General Disclosure Package or as described in such certificate.

(h) *Lock-Up Agreements.* On or prior to the date hereof, the Representatives shall have received lockup letters from (i) each of the executive officers and directors of the Company and (ii) all stockholders of the Company.

(i) *Form 1099.* The Custodian shall have delivered to the Representatives a letter stating that they will deliver to each Selling Stockholder a United States Treasury Department Form 1099 (or other applicable form or statement specified by the United States Treasury Department regulations in lieu thereof) on or before January 31 of the year following the date of this Agreement.

(j) *Chief Financial Officer's Certificate.* The Representatives shall have received a certificate, dated the date hereof, of the Chief Financial Officer of the Company in form and substance reasonably satisfactory to the Representatives.

The Selling Stockholders and the Company will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Representatives may waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution*. (a) *Indemnification of Underwriters by Company.* The Company will indemnify and hold harmless each Underwriter, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each an **"Indemnified Party"**), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (c) below.

The Company agrees to indemnify and hold harmless the Designated Underwriter and its affiliates and each person, if any, who controls the Designated Underwriter within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act (the **"Designated Entities"**), from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) arising out of or based upon the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) arising out of, related to, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the willful misconduct or gross negligence of the Designated Entities.

(b) *Indemnification of Underwriters by the Selling Stockholders.* Each Selling Stockholder, severally and not jointly, will indemnify and hold harmless each Indemnified Party against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case only to the extent that such untrue statements or alleged untrue statements in or omissions or alleged omissions from a Registration Statement or the Final Prospectus were made in reliance upon and in conformity with written information furnished to the Company by such Selling Stockholder specifically for use therein, it being understood and agreed that the only such information furnished by such Selling Stockholder is the Selling Stockholder Information and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, in connection with the enforcement of this provision with respect to the above as such expenses are incurred; provided, however, that such Selling Stockholder will

not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (c) below; provided further, however, that the liability under this subsection of each Selling Stockholder shall be limited to an amount equal to the aggregate gross proceeds after deducting underwriting commissions and discounts, but before deducting expenses, to such Selling Stockholder from the sale of the Firm Securities sold by such Selling Stockholder hereunder.

(c) *Indemnification of Company and Selling Stockholders.* Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and each Selling Stockholder (each, an **"Underwriter Indemnified Party"**) against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, or other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement at any time, any Statutory Prospectus at any time, the Final Prospectus or any Issuer Free Writing Prospectus or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus appearing under the caption "Underwriting": the concession and reallowance figures appearing in the fourth paragraph.

(d) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under subsection (a), (b) or (c) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a), (b) or (c) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a), (b) or (c) above. In case any such action is brought against any indemnified party and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding anything contained herein to the contrary, if indemnity may be sought pursuant to the last paragraph in Section 8 (a) hereof in respect of such action or proceeding, then in addition to such separate firm for the indemnified parties, the indemnifying party shall be liable for the reasonable fees and expenses of not more than one separate firm (in addition to any local counsel) for the Designated Underwriter for the defense of any losses, claims, damages and liabilities arising out of the Directed Share Program, and all persons, if any, who control the Designated Underwriter within the meaning of either Section 15 of the Act of Section 20 of the Exchange Act. No indemnifying party shall, without the prior written consent of the

indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(e) *Contribution*. If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a), (b) or (c) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Stockholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Stockholders bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, the Selling Stockholders or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (e). Notwithstanding the provisions of this subsection (e), (i) no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) the liability under this subsection of each Selling Stockholder shall be limited to an amount equal to the aggregate gross proceeds after underwriting commissions and discounts, but before expenses, to such Selling Stockholder from the sale of Firm Securities sold by such Selling Stockholder hereunder. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (e) to contribute are several in proportion to their respective underwriting obligations and not joint. The Selling Stockholders' obligations in this subsection (e) to contribute are several in proportion to their respective negative obligations and not joint The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(e).

9. *Default of Underwriters*. If any Underwriter or Underwriters default in their obligations to purchase Offered Securities hereunder on either the First or any Optional Closing Date and the aggregate number of shares of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of shares of Offered Securities that the Underwriters are obligated to purchase on such Closing Date, the Representatives may make arrangements satisfactory to the Company and the Selling Stockholders for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of

shares of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total number of shares of Offered Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the Representatives, the Company and the Selling Stockholders for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter, the Company or the Selling Stockholders, except as provided in Section 10 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, this Agreement will not terminate as to the Firm Securities or any Optional Securities purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

10. *Survival of Certain Representations and Obligations*. The respective indemnities, agreements, representations, warranties and other statements of the Selling Stockholders, of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, any Selling Stockholder, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 9 hereof, the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities, and the respective obligations of the Company, the Selling Stockholders and the Underwriters pursuant to Section 8 hereof shall remain in effect. In addition, if any Offered Securities have been purchased hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

11. *Notices*. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives c/o J.P. Morgan Securities Inc., 383 Madison Avenue, New York, N.Y. 10179 (fax: (212) 622-8358), Attention: Equity Syndicate Desk; Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, N.Y. 10010-3629, Attention: LCD-IBD; and Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, N.Y. 10036 (fax: (646) 855-3073), Attention: Syndicate Department, with a copy to Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, N.Y. 10036 (fax: (212) 230-8730), Attention: ECM Legal; or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at 195 Clarksville Road, Princeton Junction, New Jersey 08550, Attention: Chief Executive Officer, with a copy to Fulbright & Jaworski L.L.P, 666 Fifth Avenue, New York, N.Y. 10103, Attention: Sheldon Nussbaum and Joseph Daniels; or, if sent to the Selling Stockholders or any of them, will be mailed, delivered or telegraphed and confirmed to Sotirios J. Vahaviolos at Mistras Group, Inc., 195 Clarksville Road, Princeton Junction, New Jersey 08550 or Daniel M. Dickinson at TC NDT Holdings, LLC, 1445 Pennsylvania Avenue, NW, Washington, DC 2004; provided, however, that any notice to an Underwriter pursuant to Section 8 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

12. *Successors*. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective personal representatives and successors and the officers and directors and controlling persons referred to in Section 8, and no other person will have any right or obligation hereunder.

13. *Representation*. The Representatives will act for the several Underwriters in connection with the transactions contemplated by this Agreement, and any action under this Agreement taken by the Representatives jointly will be binding upon all the Underwriters. Sotirios J. Vahaviolos and Daniel M. Dickinson will act for the Selling Stockholders in connection with such transactions, and any action under or in respect of this Agreement taken by Sotirios J. Vahaviolos or Daniel M. Dickinson will be binding upon all the Selling Stockholders.

14. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

15. *Absence of Fiduciary Relationship.* The Company and the Selling Stockholders severally acknowledge and agree that:

(a) *No Other Relationship.* The Representatives have been retained solely to act as underwriters in connection with the sale of the Offered Securities and that no fiduciary, advisory or agency relationship between the Company or the Selling Stockholders, on the one hand, and the Representatives, on the other, has been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether the Representatives have advised or are advising the Company or the Selling Stockholders on other matters;

(b) *Arms' Length Negotiations.* The price of the Offered Securities set forth in this Agreement was established by Company and the Selling Stockholders following discussions and arms-length negotiations with the Representatives and the Company and the Selling Stockholders are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose.* The Company and the Selling Stockholders have been advised that the Representatives and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company or the Selling Stockholders and that the Representatives have no obligation to disclose such interests and transactions to the Company or the Selling Stockholders by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver.* The Company and the Selling Stockholders waive, to the fullest extent permitted by law, any claims they may have against the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agree that the Representatives shall have no liability (whether direct or indirect) to the Company or the Selling Stockholders in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

16. *Applicable Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in the City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement among the Selling Stockholders, the Company and the several Underwriters in accordance with its terms.

Very truly yours,

MISTRAS GROUP, INC.

By: _____
Name:
Title:

On behalf of the Selling Stockholders set forth in Schedule B,

By: _____
Name:
Title:

By: _____
Name:
Title:

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Credit Suisse Securities (USA) LLC

By: _____
Name:
Title:

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

By: _____
Name:
Title:

Acting on behalf of themselves and as the Representatives of the several Underwriters.

Exhibit 3.1

SECOND AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

MISTRAS GROUP, INC.

a Delaware corporation

MISTRAS GROUP, INC. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify that:

A. The name of the Corporation is Mistras Group, Inc. The date of the filing of the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware was October 12, 1994 (the "Original Certificate"). The name under which the Corporation filed the Original Certificate was "Mistras Holdings Corp."

B. This Second Amended and Restated Certificate of Incorporation (this "Certificate") amends, restates and integrates the provisions of the Amended and Restated Certificate of Incorporation that was filed with the Secretary of State of the State of Delaware on October 27, 2005, as amended on March 19, 2007, July 30, 2007, August 31, 2009 [and September 21, 2009] (the "Amended and Restated Certificate"), and was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware ("DGCL") and by the written consent of its stockholders in accordance with Section 228 of the DGCL.

C. The text of the Amended and Restated Certificate is hereby amended and restated in its entirety to provide as herein set forth in full.

ARTICLE I

The name of this corporation is Mistras Group, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, 19808. The Corporation's registered agent at that address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of stock which the Corporation shall have the authority to issue is 210,000,000. The total number of shares of Common Stock that the Corporation is authorized to issue is 200,000,000, with a par value of $0.01 per share. Each share of Common Stock shall entitle the holder thereof to one (1) vote on each matter submitted to a vote at any meeting of stockholders. The total number of shares of Preferred Stock that the Corporation is authorized to issue is 10,000,000, with a par value of $0.01 per share.

The Board of Directors of the Corporation (the "Board of Directors") is further authorized, subject to the limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, including without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series of Preferred Stock, the number of which is fixed by it, subsequent to the issuance of shares then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in this Certificate or the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE V

The Corporation is to have perpetual existence.

ARTICLE VI

1. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

2. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend, alter or repeal the Bylaws of the Corporation. The affirmative vote of at least a majority of the Board of Directors then in office shall be required in order for the Board of Directors to adopt, amend, alter or repeal the Corporation's Bylaws. The Corporation's Bylaws may also be adopted, amended, altered or repealed by the stockholders of the Corporation in accordance with the Bylaws. No Bylaw hereafter legally amended, altered or repealed shall invalidate any prior act of the directors or

officers of the Corporation that would have been valid if such Bylaw had not been amended, altered or repealed.

3. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

4. No stockholder shall be permitted to cumulate votes at any election of directors.

5. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any action by written consent by such stockholders.

6. Subject to the rights of holders of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the number of directors that constitute the whole Board of Directors shall be fixed exclusively in the manner designated in the Bylaws of the Corporation.

ARTICLE VII

1. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated to the fullest extent permitted by the DGCL, as so amended.

2. The Corporation shall have the power to indemnify, to the extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, any employee or agent of the Corporation who was or is a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding.

3. Neither any amendment or repeal of any Section of this Article VII, nor the adoption of any provision of this Certificate inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII, in respect of any matter occurring, or any Proceeding accruing or arising or that, but for this Article VII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VIII

Any director may be removed from the Board of Directors by the stockholders of the corporation only for cause, and in such case only by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding shares of capital stock of the

corporation then entitled to vote in the election of directors. Vacancies occurring on the Board of Directors for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by a vote of a majority of the remaining members of the Board of Directors, although less than a quorum, or by a sole remaining director, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy or newly created directorship shall hold office until the next annual meeting of stockholders and until his or her successor shall be duly elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE IX

The Corporation reserves the right to amend or repeal any provision contained in this Certificate in the manner prescribed by the laws of Delaware and all rights conferred upon stockholders are granted subject to this reservation.

*****

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by the undersigned officer a duly authorized officer of the Corporation, on , 2009.

By: _____
Sotirios J. Vahaviolos
President and Chief Executive Officer

Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

MISTRAS GROUP, INC.

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BYLAWS
OF
MISTRAS GROUP, INC.

ARTICLE I

CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of Mistras Group, Inc. (the ***"Company"***) shall be fixed in the Company's certificate of incorporation, as the same may be amended and/or restated from time to time (as so amended and/or restated, the ***"Certificate"***).

1.2 OTHER OFFICES.

The Company's Board of Directors (the ***"Board"***) may at any time establish other offices at any place or places where the Company is qualified to do business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS.

Meetings of stockholders shall be held at any place within or outside the State of Delaware as designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the ***"DGCL"***). In the absence of any such designation or determination, stockholders' meetings shall be held at the Company's principal place of business.

2.2 ANNUAL MEETING.

The annual meeting of stockholders shall be held each year on a date and at a time designated by the Board. At the annual meeting, directors shall be elected and any other proper business may be transacted.

2.3 SPECIAL MEETING.

(A) General. Unless otherwise required by law or the Certificate, special meetings of the stockholders may be called at any time, for any purpose or purposes, only by (i) the Chairperson of the Board, (ii) the Chief Executive Officer or (iii) by the Board acting pursuant to a resolution adopted by a majority of the Board. Subject to **Section 2.3(B)**, a special meeting of stockholders shall also be called by the secretary of the Company upon the written request of one or

more stockholders entitled to cast not less than thirty-five percent (35%) of all of the votes entitled to be cast at that meeting.

(B) Stockholder Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the ***"Record Date Request Notice"***) by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the ***"Request Record Date"***). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten (10) days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten (10) days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth (10th) day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than thirty-five percent (35%) (the ***"Special Meeting Percentage"***) of all of the votes entitled to be cast at such meeting (the ***"Special Meeting Request"***) shall be delivered to the secretary. In addition, the Special Meeting Request (a) shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) shall set forth the name and address, as they appear in the Company's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed) and the class, series and number of all shares of stock of the Company which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (d) shall be sent to the secretary by registered mail, return receipt requested, and (e) shall be received by the secretary within sixty (60) days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special

Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Company's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this **Section 2.3(B)**, the secretary receives payment of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the Chairperson of the Board, the Chief Executive Officer or the Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a ***"Stockholder Requested Meeting"***), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder Requested Meeting shall be not more than 90 days after the record date for such meeting (the ***"Meeting Record Date"***); and provided further that if the Board of Directors fails to designate, within ten (10) days after the date that a valid Special Meeting Request is actually received by the secretary (the ***"Delivery Date"***), a date and time for a Stockholder Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder Requested Meeting within ten (10) days after the Delivery Date, then such meeting shall be held at the principal executive office of the Company. In fixing a date for any special meeting, the Chairperson of the Board, the Chief Executive Officer or the Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this **Section 2.3(B)**.

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the

meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed, send to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and the secretary's intention to revoke the notice of the meeting, and then revoke the notice of the meeting at any time before ten (10) days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The Board of Directors, the Chairperson of the Board or the Chief Executive Officer may appoint independent inspectors of elections to act as the agent of the Company for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Company that the valid requests received by the secretary represent at least the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Company or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

2.4 NOTICE OF STOCKHOLDERS' MEETINGS.

All notices of meetings of stockholders shall be sent or otherwise given in accordance with either **Section 2.5** or **Section 8.1** of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, except as otherwise required by applicable law. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purposes for which the meeting is called. Any previously scheduled meeting of stockholders may be postponed, and, unless the Certificate provides otherwise, any special meeting of the stockholders may be cancelled by resolution duly adopted by a majority of the Board members then in office upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Whenever notice is required to be given, under the DGCL, the Certificate or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or

agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

Whenever notice is required to be given, under any provision of the DGCL, the Certificate or these bylaws, to any stockholder to whom (A) notice of two (2) consecutive annual meetings or (B) all, and at least two (2), payments (if sent by first-class mail) of dividends or interest on securities during a 12-month period, have been mailed addressed to such person at such person's address as shown on the records of the Company and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the Company a written notice setting forth such person's then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the Company is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to Section 230(b) of the DGCL.

The exception in **subsection (A)** of the above paragraph to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

2.5 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of stockholders shall be given:

(A) if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Company's records;

(B) if electronically transmitted, as provided in **Section 8.1** of these bylaws; or

(C) otherwise, when delivered.

An affidavit of the secretary or an assistant secretary of the Company or of the transfer agent or any other agent of the Company that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

Notice may be waived in accordance with **Section 7.12** of these bylaws.

2.6 QUORUM.

The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all

meetings of the stockholders. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.7 ADJOURNED MEETING; NOTICE.

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place if any thereof, and the means of remote communications if any by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the continuation of the adjourned meeting, the Company may transact any business that was permitted to have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting in accordance with the provisions of **Section 2.4** and **Section 2.5** of these bylaws.

2.8 ADMINISTRATION OF THE MEETING.

Meetings of stockholders shall be presided over by the Chairperson of the Board, or in the absence of the Chairperson of the Board, the Chief Executive Officer of the Company. If both the Chairperson of the Board and the Chief Executive Officer will not be present at a meeting of stockholders, such meeting shall be presided over by such chairperson as the Board shall appoint, or, in the event that the Board shall fail to make such appointment, any officer of the Company appointed by the Board. The secretary of the meeting shall be the secretary of the Company, or, in the absence of the secretary of the Company, such person as the chairperson of the meeting appoints.

The Board shall, in advance of any meeting of stockholders, appoint one (1) or more inspector(s), who may include individual(s) who serve the Company in other capacities, including without limitation as officers, employees or agents, to act at the meeting of stockholders and make a written report thereof. The Board may designate one (1) or more persons as alternate inspector(s) to replace any inspector who fails to act. If no inspector or alternate has been appointed or is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one (1) or more inspector(s) to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector(s) or alternate(s) shall have the duties prescribed pursuant to Section 231 of the DGCL and other applicable law.

The Board shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations, if any, the chairman of the meeting shall have the right and authority to prescribe

such rules, regulations and procedures and to do all acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including without limitation establishing an agenda of business of the meeting, rules or regulations to maintain order, restrictions on entry to the meeting after the time fixed for commencement thereof and the fixing of the date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting (and shall announce such at the meeting).

2.9 VOTING.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of **Section 2.11** of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as otherwise provided in the provisions of Section 213 of the DGCL (relating to the fixing of a date for determination of stockholders of record), each stockholder shall be entitled to that number of votes for each share of capital stock held by such stockholder as set forth in the Certificate, or in the case of shares of Preferred Stock, by resolution of the Board, or in the Certificate, as the case may be.

In all matters, other than the election of directors and except as otherwise required by law, the Certificate or these bylaws, the affirmative vote of a majority of the voting power of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

The stockholders of the Company shall not have the right to cumulate their votes for the election of directors of the Company.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Subject to the rights of the holders of the shares of any series of Preferred Stock or any other class of stock or series thereof having a preference over the Common Stock as to dividend or liquidation rights, any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders.

2.11 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS.

In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which shall not be more than sixty

(60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not fix a record date in accordance with these bylaws and applicable law:

(A) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(B) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; ***provided***, ***however***, that the Board may fix a new record date for the adjourned meeting.

2.12 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law and filed with the secretary of the Company, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A stockholder may also authorize another person or persons to act for him, her or it as proxy in the manner(s) provided under Section 212(c) of the DGCL or as otherwise provided under Delaware law. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

The officer who has charge of the stock ledger of the Company shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting or (b) during ordinary business hours, at the Company's principal place of business.

In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of

remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

2.14 NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Company's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board, or (c) by any stockholder of the Company who (i) was a stockholder of record of the Company at the time the notice provided for in this **Section 2.14** is delivered to the Secretary of the Company, (ii) shall be entitled to vote at such meeting, and (iii) complies with the notice procedures set forth in this **Section 2.14** as to such nomination or business. Clause (C) shall be the exclusive means for a stockholder to (x) submit business (other than matters properly brought under Rule 14a-8 (or any successor thereto) under the Securities Exchange Act and set forth in the Company's notice of meeting) or (y) make nominations before an annual meeting of stockholders.

(2) Without qualification, for nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to **Section 2.14(A)(1)(c)**, the stockholder, in addition to any other applicable requirements, must have given timely notice thereof in writing to the Secretary of the Company and any such proposed business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Company). In no event shall the public announcement of an adjournment or postponement of the annual meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice to the Secretary (whether pursuant to this **Section 2.14(A)(2)** or **Section 2.14(B)**) shall set forth:

(a) as to each person, if any, whom the stockholder proposes to nominate for election as a director (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (ii) such person's written consent to being named in the proxy

statement as a nominee and to serving as a director if elected, (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (iv) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by **Section 2.15**;

(b) if the notice relates to any business (other than the nomination of persons for election as directors) that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the annual meeting, (ii) the reasons for conducting such business at the annual meeting, (iii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these bylaws, the language of the proposed amendment), (iv) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and (v) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and

(c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, if any, (ii)(A) the class or series and number of shares of capital stock of the Company that are, directly or indirectly, owned beneficially and of record by such stockholder and by such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of capital stock of the Company, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Company or otherwise (a ***"Derivative Instrument"***) directly or indirectly owned beneficially by such stockholder and by such beneficial owner, if any, and any other direct or indirect opportunity held or owned beneficially by such stockholder and by such beneficial owner, if any, to profit or share in any profit derived from any increase or decrease in the value of shares of the Company, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or beneficial owner, if any, has a

right to vote any shares of any security of the Company, (D) any short interest in any security of the Company (for purposes of this **Section 2.14**, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through a contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any right to dividends on the shares of capital stock of the Company owned beneficially by such stockholder or such beneficial owner, if any, which right is separated or separable from the underlying shares, (F) any proportionate interest in shares of capital stock of the Company or Derivative Instrument held, directly or indirectly, by a general or limited partnership in which such stockholder or such beneficial owner, if any, is a general partner or with respect to which such stockholder or such beneficial owner, if any, directly or indirectly, beneficially owns an interest in a general partner, and (G) any performance-related fees (other than an asset-based fee) to which such stockholder or such beneficial owner, if any, is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, in each case with respect to the information required to be included in the notice pursuant to (A) through (G) above, as of the date of such notice and including, without limitation, any such interests held by members of such stockholder's or such beneficial owner's immediate family sharing the same household (which information shall be supplemented by such stockholder and such beneficial owner, if any, (y) not later than ten (10) days after the record date for the annual meeting to disclose such ownership as of the record date and (z) ten (10) days before the annual meeting date), (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (v) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve or adopt the proposal or elect the nominee or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination.

The Company may require any proposed nominee to furnish such other information as it may reasonably require (i) to determine the eligibility of such proposed nominee to serve as a director of the Company, including with respect to qualifications established by any committee of the Board (ii) to determine whether such nominee qualifies as an "independent director" or "audit committee financial expert" under applicable law, securities exchange rule or regulation, or any publicly-disclosed corporate governance guideline or committee charter of the Company; and (iii) that could be material to a reasonable stockholder's understanding of the independence and qualifications, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of **Section 2.14(A)(2)** to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is increased and there is no public announcement by the Company naming all of the nominees for director or specifying the size of the increased Board at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this **Section 2.14** shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Company.

(B) Special Meetings of Stockholders.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Company's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Company's notice of meeting (1) by or at the direction of the Board or (2) provided that the Board has determined that the directors shall be elected at such meeting, by any stockholder of the Company who is a stockholder of record at the time the notice provided for in this **Section 2.14** is delivered to the Secretary of the Company and at the time of the special meeting, who is entitled to vote at the meeting and upon such election, and who complies with the notice procedures set forth in this **Section 2.14**. In the event the Company calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Company's notice of meeting, if the stockholder's notice in the same form as required by **Section 2.14(A)(2)** with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by **Section 2.15**) shall be delivered to the Secretary at the principal executive offices of the Company not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) General.

(1) Subject to **Section 3.14**, only such persons who are nominated in accordance with the procedures set forth in this **Section 2.14** shall be eligible to be elected at an annual or special meeting of stockholders of the Company to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this **Section 2.14**. Except as otherwise provided by law, the Certificate or these bylaws, the chairperson of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures

set forth in this **Section 2.14** and (b) if any proposed nomination or business was not made or proposed in compliance with this **Section 2.14**, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this **Section 2.14**, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Company to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Company. For purposes of this **Section 2.14**, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of the stockholders.

(2) For purpose of this **Section 2.14**, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Nothing in this **Section 2.14**, shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals or nominations in the Company's proxy statement pursuant to Rule 14a-8 (or any successor thereto) promulgated under the Exchange Act or (b) of the holders of any series of Preferred Stock to nominate and elect directors pursuant to and to the extent provided in any applicable provisions of the Certificate of Incorporation.

2.15 SUBMISSION OF QUESTIONNAIRE, REPRESENTATION AND AGREEMENT.

To be eligible to be a nominee for election or reelection as a director of the Company, a person must deliver (in accordance with the time periods prescribed for delivery of notice under **Section 2.14** of these bylaws) to the Secretary at the principal executive offices of the Company a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a ***"Voting Commitment"***) that has not been disclosed to the Company or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a

director of the Company, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock trading policies and guidelines of the Company.

ARTICLE III

DIRECTORS

3.1 POWERS.

Subject to the provisions of the DGCL and any limitations in the Certificate, the business and affairs of the Company shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS.

The Board shall consist of one or more members, each of whom shall be a natural person. The authorized number of directors shall be determined from time to time by resolution of the Board, provided the Board shall consist of at least one (1) member. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

Directors need not be stockholders unless so required by the Certificate or these bylaws. The Certificate or these bylaws may prescribe other qualifications for directors. Each director, including a director elected to fill a vacancy, shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon written notice or by electronic transmission to the Company.

Vacancies occurring on the Board for any reason and newly created directorships, resulting from an increase in the authorized number of directors may be filled only by a vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, at any meeting of the Board. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until the next annual meeting of stockholders and until his or her successor shall be duly elected and qualified.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any

committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, at any time when there is no Chairperson of the Board or Chief Executive Officer, the President, or a majority of the authorized number of directors. The person(s) authorized to call special meetings of the Board may fix the place and time of the meeting.

Notice of the time and place of special meetings shall be:

(A) delivered personally by hand, by courier or by telephone;

(B) sent by United States first-class mail, postage prepaid;

(C) sent by facsimile; or

(D) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Company's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. Any oral notice may be communicated either to the director or to a person at the office of the director who the person giving notice has reason to believe will promptly communicate such notice to the director. The notice need not specify the place of the meeting if the meeting is to be held at the Company's principal executive office nor the purpose of the meeting.

3.8 QUORUM.

Except as otherwise required by law or the Certificate, at all meetings of the Board, a majority of the authorized number of directors (as determined pursuant to **Section 3.2** of these bylaws) shall constitute a quorum for the transaction of business, except to adjourn as provided in **Section 3.11** of these bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. The vote of a majority of the

directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate or these bylaws.

3.9 WAIVER OF NOTICE.

Whenever notice is required to be given under any provisions of the DGCL, the Certificate or these bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate or these bylaws.

3.10 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Unless otherwise restricted by the Certificate or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.11 ADJOURNED MEETING; NOTICE.

If a quorum is not present at any meeting of the Board, then a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.12 FEES AND COMPENSATION OF DIRECTORS.

Unless otherwise restricted by the Certificate or these bylaws, the Board shall have the authority to fix the compensation of directors.

3.13 REMOVAL OF DIRECTORS.

Any director may be removed from the Board by the stockholders of the Company only for cause, and in such case only by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding shares of capital stock of the Company then entitled to vote in the election of directors.

ARTICLE IV

COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board may designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise such lawfully delegable powers and duties as the Board may confer.

4.2 COMMITTEE MINUTES.

Each committee shall keep regular minutes of its meetings and report to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(A) Section 3.5 (relating to place of meetings and meetings by telephone);

(B) Section 3.6 (relating to regular meetings);

(C) Section 3.7 (relating to special meetings and notice);

(D) Section 3.8 (relating to quorum);

(E) Section 3.9 (relating to waiver of notice);

(F) Section 3.10 (relating to action without a meeting); and

(G) Section 3.11 (relating to adjournment and notice of adjournment)

of these bylaws, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members.

Notwithstanding the foregoing:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board or by resolution of the committee; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V

OFFICERS

5.1 OFFICERS.

The officers of the Company shall be a Chief Executive Officer, President, Chief Financial Officer and a Secretary. The Company may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a Treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws.

Any number of offices may be held by the same person. 5.2 APPOINTMENT OF OFFICERS.

The Board shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of **Section 5.3** of these bylaws, subject to the rights, if any, of an officer under any contract of employment. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. A failure to elect officers shall not dissolve or otherwise affect the Company.

5.3 SUBORDINATE OFFICERS.

The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President of the Company to appoint, such other officers and agents as the business of the Company may require, other than the Chairperson of the Board or the Chief Executive Officer. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer appointed by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES.

Any vacancy occurring in any office of the Company may only be filled by the Board or as provided in **Section 5.3** of these bylaws.

5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The Chairperson of the Board, the Chief Executive Officer, the President or the Chief Financial Officer, or any other person authorized by the Board, the Chairperson of the Board, the Chief Executive Officer, the President or the Chief Financial Officer, is authorized to vote, represent, and exercise on behalf of this Company all rights incident to any and all shares or other equity interests of any other company or entity standing in the name of this Company. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS.

In addition to the foregoing authority and duties, all officers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the Board.

ARTICLE VI

RECORDS AND REPORTS

6.1 MAINTENANCE AND INSPECTION OF RECORDS.

The Company shall, either at its principal executive office or at such place or places as designated by the Board, keep a record of its stockholders, listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws, as may be amended to date, minute books, accounting books and other records.

Any such records maintained by the Company may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Company shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to the provisions of the DGCL. When records are kept in such manner, a clearly legible paper form produced from or by means of the information storage device or method shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original paper form accurately portrays the record.

6.2 INSPECTION BY DIRECTORS.

Any director shall have the right to examine the Company's stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his or her position as a director.

ARTICLE VII

GENERAL MATTERS

7.1 CHECKS; DRAFTS; EVIDENCES OF INDEBTEDNESS.

From time to time, the Board shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the Company, and only the persons so authorized shall sign or endorse those instruments.

7.2 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS.

Except as otherwise provided in these bylaws, the Board, or any officers of the Company authorized thereby, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Company; such authority may be general or confined to specific instances.

7.3 STOCK CERTIFICATES; PARTLY PAID SHARES.

The shares of the Company shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Company by the Chairperson of the Board or a vice-chairperson of the Board, or the President or vice-president, and by the Treasurer or an assistant treasurer, or the Secretary or an assistant secretary of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

7.4 SPECIAL DESIGNATION ON CERTIFICATES.

If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; ***provided***, ***however***, that, except as otherwise provided in Section 202 of

the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.5 LOST CERTIFICATES.

Except as provided in this Section 7.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.6 DIVIDENDS.

The Board, subject to any restrictions contained in either (a) the DGCL or (b) the Certificate, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock.

The Board may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

7.7 FISCAL YEAR.

The fiscal year of the Company shall be fixed by resolution of the Board and may be changed by the Board.

7.8 SEAL.

The Company may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 TRANSFER OF STOCK.

Transfers of stock shall be made only upon the transfer books of the Company kept at an office of the Company or by transfer agents designated to transfer shares of the stock of the Company. Except where a certificate is issued in accordance with **Section 7.5** of these bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefore. Upon surrender to the Company or the transfer agent of the Company of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Company to issue a

new certificate to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

7.10 STOCK TRANSFER AGREEMENTS.

The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes or series owned by such stockholders in any manner not prohibited by the DGCL.

7.11 REGISTERED STOCKHOLDERS.

The Company:

(A) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(B) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.12 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL, the Certificate or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting solely for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate or these bylaws.

ARTICLE VIII

NOTICE BY ELECTRONIC TRANSMISSION

8.1 NOTICE BY ELECTRONIC TRANSMISSION.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate or these bylaws, any notice to stockholders given by the Company under any provision of the DGCL, the Certificate or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(A) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent; and

(B) such inability becomes known to the secretary or an assistant secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

8.2 DEFINITION OF ELECTRONIC TRANSMISSION.

An “electronic transmission” means any form of communication, including without limitation an email communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

8.3 INAPPLICABILITY.

Notice by a form of electronic transmission shall not apply to Section 164 (relating to failure to pay for stock; remedies), Section 296 (relating to adjudication of claims; appeal), Section 311 (relating to revocation of voluntary dissolution), Section 312 (relating to renewal, revival, extension and restoration of certificate of incorporation) or Section 324 (relating to attachment of shares of stock or any option, right or interest therein) of the DGCL.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS AND OFFICERS

9.1 POWER TO INDEMNIFY IN ACTIONS, SUITS OR PROCEEDINGS OTHER THAN THOSE BY OR IN THE RIGHT OF THE COMPANY.

Subject to **Section 9.3** of these bylaws, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that such person (or the legal representative of such person) is or was a director or officer of the Company or any predecessor of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director or officer, employee or agent of another Company, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

9.2 POWER TO INDEMNIFY IN ACTIONS, SUITS OR PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY.

Subject to **Section 9.3** of these bylaws, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person (or the legal representative of such person) is or was a director or officer of the Company or any predecessor of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another Company, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

9.3 AUTHORIZATION OF INDEMNIFICATION.

Any indemnification under this **Article IX** (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in **Section 9.1** or **Section 9.2** of these bylaws, as the case may be. Such determination shall be made, with respect to a person who is either a director or officer at the time of such determination or a former director or officer, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders (but only if a majority of the directors who are not parties to such action, suit or proceeding, if they constitute a quorum of the board of directors, presents the issue of entitlement to indemnification to the stockholders for their determination). To the extent, however, that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

9.4 GOOD FAITH DEFINED.

For purposes of any determination under **Section 9.3** of these bylaws, to the fullest extent permitted by applicable law, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Company or another enterprise, or on information supplied to such person by the officers of the Company or another enterprise in the course of their duties, or on the advice of legal counsel for the Company or another enterprise or on information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term "another enterprise" as used in this **Section 9.4** shall mean any other Company or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Company as a director, officer, employee or agent. The provisions of this **Section 9.4** shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in **Section 9.1** or **Section 9.2** of these bylaws, as the case may be.

9.5 INDEMNIFICATION BY A COURT.

Notwithstanding any contrary determination in the specific case under **Section 9.3** of this **Article IX**, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under **Section 9.1** and **Section 9.2** of these bylaws. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable

standards of conduct set forth in **Section 9.1** or **Section 9.2** of these bylaws, as the case may be. Neither a contrary determination in the specific case under **Section 9.3** of these bylaws nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this **Section 9.5** shall be given to the Company promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

9.6 EXPENSES PAYABLE IN ADVANCE.

To the fullest extent not prohibited by the DGCL, or by any other applicable law, expenses incurred by a person who is or was a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding; *provided*, *however*, that if the DGCL requires, an advance of expenses incurred by any person in his or her capacity as a director or officer (and not in any other capacity) shall be made only upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company as authorized in this **Article IX**.

9.7 NONEXCLUSIVITY OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES.

The indemnification and advancement of expenses provided by or granted pursuant to this **Article IX** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate, any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Company that indemnification of the persons specified in **Section 9.1** and **Section 9.2** of these bylaws shall be made to the fullest extent permitted by law. The provisions of this **Article IX** shall not be deemed to preclude the indemnification of any person who is not specified in **Section 9.1** or **Section 9.2** of these bylaws but whom the Company has the power or obligation to indemnify under the provisions of the DGCL, or otherwise. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

9.8 INSURANCE.

To the fullest extent permitted by the DGCL or any other applicable law, the Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was a director, officer, employee or agent of the Company serving at the request of the Company as a director, officer, employee or agent of another Company, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have

the power or the obligation to indemnify such person against such liability under the provisions of this **Article IX**.

9.9 CERTAIN DEFINITIONS.

For purposes of this **Article IX**, references to "the Company" shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent company, or is or was a director or officer of such constituent company serving at the request of such constituent company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this **Article IX** with respect to the resulting or surviving company as such person would have with respect to such constituent company if its separate existence had continued. For purposes of this **Article IX**, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this **Article IX**.

9.10 SURVIVAL OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES.

The rights to indemnification and advancement of expenses conferred by this **Article IX** shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, administrators and other personal and legal representatives of such a person.

9.11 LIMITATION ON INDEMNIFICATION.

Notwithstanding anything contained in this **Article IX** to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by **Section 9.5** of these bylaws), the Company shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board.

9.12 INDEMNIFICATION OF EMPLOYEES AND AGENTS.

The Company may, to the extent authorized from time to time by the Board, provide rights to indemnification and to the advancement of expenses to employees and agents of the Company similar to those conferred in this **Article IX** to directors and officers of the Company.

9.13 EFFECT OF AMENDMENT OR REPEAL.

Neither any amendment or repeal of any Section of this **Article IX**, nor the adoption of any provision of the Certificate or the bylaws inconsistent with this **Article IX**, shall adversely affect any right or protection of any director, officer, employee or other agent established pursuant to this **Article IX** existing at the time of such amendment, repeal or adoption of an inconsistent provision, including without limitation by eliminating or reducing the effect of this **Article IX**, for or in respect of any act, omission or other matter occurring, or any action or proceeding accruing or arising (or that, but for this **Article IX**, would accrue or arise), prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

MISCELLANEOUS

10.1 PROVISIONS OF CERTIFICATE GOVERN.

In the event of any inconsistency between the terms of these bylaws and the Certificate, the terms of the Certificate will govern.

10.2 CONSTRUCTION; DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both a corporation and a natural person.

10.3 SEVERABILITY.

In the event that any bylaw or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remaining bylaws will continue in full force and effect.

10.4 AMENDMENT.

In furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to adopt, amend, alter or repeal these bylaws. The affirmative vote of at least a majority of the Board then in office shall be required in order for the Board to adopt, amend, alter or repeal these bylaws. No bylaw hereafter legally amended, altered or repealed shall invalidate any prior act of the directors or officers of the Company that would have been valid if such bylaw had not been amended, altered or repealed.

Except as otherwise set forth in these bylaws, these bylaws may be altered, amended or repealed or new bylaws may be adopted by the affirmative vote of the holders of at least a majority of the shares of the capital stock of the Company issued and outstanding and entitled to vote at any annual meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new bylaws shall have been stated in the notice of such special meeting.

MISTRAS GROUP, INC.
a Delaware corporation

CERTIFICATE OF ADOPTION OF AMENDED AND RESTATED BYLAWS

The undersigned hereby certifies that he is the duly elected, qualified, and acting Secretary of Mistras Group, Inc., a Delaware corporation (the "Company"), and that the foregoing amended and restated bylaws, comprising 28 pages, were adopted as the Company's bylaws (i) on _____, 2009 by the Company's board of directors and (ii) on _____, _____2009 by the stockholders of the Company.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on _____, 2009.

By: _____
Print Name: Paul "Pete" Peterik
Title: *Secretary*

Exhibit 10.1

MISTRAS GROUP, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is entered into, effective as of «Date» by and between Mistras Group, Inc., a Delaware corporation (the "**Company**"), and «Name» ("**Indemnitee**"), effective as of the date that the Registration Statement on Form S-1 related to the initial public offering of the Company's Common Stock is declared effective by the United States Securities and Exchange Commission.

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director and/or officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations;

WHEREAS, the Certificate of Incorporation and Bylaws of the Company require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted under Delaware law, and the Indemnitee has been serving and continues to serve as a director and/or officer of the Company in part in reliance on the Company's Certificate of Incorporation and Bylaws; and

WHEREAS, in recognition of the Company's desire to continue to retain the services of Indemnitee as a director and/or officer of the Company, and of the Indemnitee's need for (i) substantial protection against personal liability based on Indemnitee's reliance on the aforesaid Certificate of Incorporation and Bylaws, (ii) specific contractual assurance that the protection promised by the Certificate of Incorporation and Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Certificate of Incorporation and Bylaws or any change in the composition of the Company's Board of Directors or acquisition transaction relating to the Company) and (iii) an inducement to continue to provide services to the Company as a director and/or officer, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted under Delaware law and as set forth in this Agreement, and, to the extent insurance is maintained, to provide for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

(a) "**Board**" shall mean the Board of Directors of the Company.

(b) "**Affiliate**" shall mean any corporation or other person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under

common control with, the person specified, including, without limitation, with respect to the Company, any direct or indirect subsidiary of the Company.

(c) A "**Change in Control**" shall be deemed to have occurred if (i) any "**person**" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, and other than any person who is "**beneficial owner**", as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of securities of the Company representing 5% or more of the total voting power represented by the Company's then outstanding Voting Securities on the date that the Company first registers under the Act, or any transferee of such individual if such transferee is a spouse or lineal descendant of the transferee or a trust for the benefit of the individual, his or her spouse or lineal descendants), is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(d) "**Expenses**" shall mean any expense, liability or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments or other charges imposed thereon, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other costs and obligations, paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal) or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

(e) "**Indemnifiable Event**" shall mean any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director or officer of the Company or an Affiliate of the Company, or while a director or officer is or was serving at the request of the Company or an Affiliate of the Company as a director, officer, employee, trustee, agent or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust or other enterprise or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor

corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent of the Company or an Affiliate of the Company, as described above.

(f) "**Independent Counsel**" shall mean the person or body appointed in connection with Section 3.

(g) "**Proceeding**" shall mean any threatened, pending or completed action, suit or proceeding or any alternative dispute resolution mechanism (including an action by or in the right of the Company or an Affiliate of the Company) or any inquiry, hearing or investigation, whether conducted by the Company or an Affiliate of the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

(h) "**Reviewing Party**" shall mean the person or body appointed in accordance with Section 3.

(i) "**Voting Securities**" shall mean any securities of the Company that vote generally in the election of directors.

2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Certificate of Incorporation, its Bylaws, vote of its stockholders or disinterested directors or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director or officer of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding, (ii) the Proceeding is one to enforce indemnification rights under Section 5 or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) and Independent Counsel has approved its initiation.

(c) Expense Advances. If so requested by Indemnitee, the Company shall advance (within thirty (30) days of such request) any and all Expenses to Indemnitee (an "**Expense Advance**"). The Indemnitee shall qualify for such Expense Advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking

providing that the Indemnitee undertakes to repay such Expense Advances if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. This Section 2(c) shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 2(b) or 2(f).

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which a final judgment is rendered against Indemnitee or Indemnitee enters into a settlement, in each case (i) for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws; (ii) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or (iii) for which payment is prohibited by law. Notwithstanding anything to the contrary stated or implied in this Section 2(f), indemnification pursuant to this Agreement relating to any Proceeding against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws shall not be prohibited if Indemnitee ultimately establishes in any Proceeding that no recovery of such profits from Indemnitee is permitted under Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws.

3. Reviewing Party. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; provided that if all members of the Board are parties to the particular Proceeding with respect to which Indemnitee is seeking indemnification, the Independent Counsel referred to below shall become the Reviewing Party; after a Change in Control, the Independent Counsel referred to below shall become the Reviewing Party. With respect to all matters arising before a Change in Control for which Independent Counsel shall be the Reviewing Party and all matters arising after a Change in Control, in each case concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Certificate of Incorporation or Bylaws now or hereafter in effect relating to

indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld or delayed), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification, but in no event later than thirty (30) business days after demand, unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law. Indemnitee shall cooperate with the Reviewing Party making a determination with respect to Indemnitee's entitlement to indemnification, including providing to the Reviewing Party upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination.

(b) Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty (30) days after making a demand in accordance with Section 4(a), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court in the State of Delaware having subject matter jurisdiction thereof seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by the Indemnitee shall be binding on the Company and Indemnitee. The Company shall be precluded from asserting in any such proceeding that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee at law or in equity.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is

entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because Indemnitee has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel or its stockholders) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval), conviction or upon a plea of nolo contendere or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. For purposes of any determination of good faith under any applicable standard of conduct, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser, investment banker or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of the preceding sentence shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for

(i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Certificate of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(ii) recovery under directors' and officers' liability insurance policies maintained by the Company;

but, in each case, only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve the Company from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of legal counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company, or as to which Indemnitee shall have made the determination provided for in (ii) above or under the circumstances provided for in (iii) and (iv) above.

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, such consent not to be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity as a result of Indemnitees' failure to provide notice, at its expense, to participate in the defense of such action, and the lack of such notice materially prejudiced the Company's ability to participate in defense of such action. The Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control, the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be

incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Independent Counsel. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of the Indemnitee, (ii) the Trustee shall advance, within thirty (30) days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise no later than thirty (30) days after notice pursuant to Section 4(a) and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Independent Counsel or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Certificate of Incorporation, Bylaws, applicable law or otherwise; provided, however, that this Agreement shall supersede any prior indemnification agreement between the Company and the Indemnitee. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under the Company's Certificate of Incorporation, Bylaws, applicable law or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing general and/or directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any Affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its Affiliate shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern.

11. Amendment of this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Bylaw or otherwise) of the amounts otherwise indemnifiable hereunder.

14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 4(b) of this Agreement relating thereto.

15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

16. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, (a) the remaining provisions shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise

unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void or unenforceable.

17. Contribution. To the fullest extent permissible under applicable law, whether or not the indemnification provided for in this Agreement is available to Indemnitee for any reason whatsoever, the Company shall pay all or a portion of the amount that would otherwise be incurred by Indemnitee for Expenses in connection with any claim relating to an Indemnifiable Event, as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement may be brought in the Delaware Court of Chancery, (ii) consent to submit to the jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii)waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

19. Notices. All notices, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt or mailed, postage prepaid, certified or registered mail, return receipt requested and addressed to the Company at:

Mistras Group, Inc.
195 Clarksville Rd
Princeton Jct, NJ 08550
Fax: 609.716.4179
Attention: Chief Executive Officer

and to Indemnitee at:

the address set forth below Indemnitee's signature hereto. Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

MISTRAS GROUP, INC.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

INDEMNITEE,
an individual

_____
«name»

Address for notices:

_____
_____
_____

AMENDED AND RESTATED

CREDIT AGREEMENT

Dated as of April 23, 2007,

Effective as of October 31, 2006

among

MISTRAS GROUP, INC.,

as Borrower,

BANK OF AMERICA, N.A.,

as Agent, Co-Lead Bookrunner

and

L/C Issuer,

JPMORGAN CHASE BANK, N.A.

as Co-Lead Bookrunner

and

Any Other Lenders Party Hereto

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") is entered into as of April 23, 2007, effective as of October 31, 2006, among MISTRAS GROUP, INC. (formerly known as Mistras Holdings Corp.), a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., as Agent, Co-Lead Bookrunner and L/C Issuer, JPMORGAN CHASE BANK, N.A., as Co-Lead Bookrunner and each lender from time to time party hereto (collectively, "Lenders" and individually, a "Lender").

Borrower has requested that Lenders provide a revolving credit facility and a term loan, and Lenders are willing to do so on the terms and conditions set forth herein. In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Administrative Agent" or "Agent" means Bank of America, N.A., in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent Fee Letter" has the meaning specified in Section 2.08(b)**.**

"Agent's Office" means Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as Agent may from time to time notify Borrower and Lenders.

"Aggregate Commitments" means, collectively, the Aggregate Revolving Loan Commitments and the Aggregate Term Loan Commitments.

"Aggregate Revolving Loan Commitments" means the Revolving Loan Commitments of all Lenders.

"Aggregate Term Loan Commitments" means the Term Loan Commitments of all Lenders.

"Agreement" means this Amended and Restated Credit Agreement.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of (i) the Aggregate Revolving Loan Commitments represented by such Lender's Revolving Loan Commitment at such time and (ii) the Aggregate Term Loan Commitments represented by such Lender's Term Loan Commitment at such time. If the commitment of each Lender to make Revolving Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Revolving Loan Commitments have expired, then the Applicable Percentage of each Lender with respect to the Revolving Loans shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Rate" means, from time to time, the following percentages per annum, based upon the ratio of Funded Debt to EBITDA (the "Financial Covenant") as set forth in the most recent Compliance Certificate received by Agent pursuant to Section 6.02(b):

Applicable Rate

Pricing Level	Funded Debt : EBITDA	Base Rate +/-	Eurodollar Rate +/-
1	£1.75:1	-.75%	+1.50%
2	>1.75:1 but <2.50:1	-.25%	+2.00%
3	>2.50:1 but <3.00:1	+.00%	+2.25%
4	>3.00:1	+.50%	+2.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Financial Covenant shall become effective as of the first Business Day of the month immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 3 shall apply as of the first Business Day of the month following the date such Compliance Certificate was required to have been delivered until the first Business Day of the month immediately following the delivery of such Compliance Certificate. The Applicable Rate in effect from the Closing Date until receipt of the Compliance Certificate for the period ended November 30, 2006 shall be determined based upon Pricing Level 3.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by Agent, in substantially the form of Exhibit E or any other form approved by Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"Audited Financial Statements" means the audited consolidated balance sheet of Borrower and its Consolidated Subsidiaries for the fiscal year ended May 31, 2006 and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of Borrower and its Consolidated Subsidiaries, including the notes thereto.

"Availability Period" means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Revolving Loan Commitments pursuant to Section 2.06, and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

"Bank of America" means Bank of America, N.A. and its successors.

"Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Committed Loan that bears interest at a rate based on the Base Rate.

"Borrower" has the meaning specified in the introductory paragraph hereto.

"Borrower Materials" has the meaning specified in Section 6.02.

"Borrowing" means a Committed Borrowing.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Cash Collateralize" has the meaning specified in Section 2.03(g).

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

"Change of Control" means, with respect to any Person, an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than 50% of the equity securities of such Person entitled to vote for members of the board of directors or equivalent governing body of such Person on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right);

(b) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of such Person cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by

any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors);

(c) any individual(s) or entity(s) acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of such Person, or control over the equity securities of such Person entitled to vote for members of the board of directors or equivalent governing body of such Person on a fully-diluted basis (and taking into account all such securities that such individual(s) or entity(s) or group has the right to acquire pursuant to any option right) representing more than 50% of the combined voting power of such securities; or

(d) In the case of Mistras Group, Inc., Sotirios Vahaviolos ceases to own and control, directly and indirectly, at least fifty-one (51%) percent of its capital stock entitled to vote for the election of directors.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

"Code" means the Internal Revenue Code of 1986.

"Co-Lead Bookrunner" means either JPMorgan Chase Bank, N.A. or Bank of America, N.A. in its capacity as co-lead bookrunner under any of the Loan Documents, or any successor co-lead bookrunner.

"Collateral" shall mean any and all assets and rights and interests in or to property of Borrower and each of the other Loan Parties, whether real or personal, tangible or intangible, in which a Lien is granted or purported to be granted pursuant to the Collateral Documents.

"Collateral Documents" means all agreements, instruments and documents now or hereafter executed and delivered in connection with this Agreement pursuant to which Liens are granted or purported to be granted to Agent in Collateral securing all or part of the Obligations each in form and substance satisfactory to Agent.

"Commitment" means, as to each Lender, its Revolving Loan Commitment and its Term Loan Commitment.

"Committed Borrowing" means a borrowing consisting of simultaneous Committed Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

"Committed Loan" means the Term Loan (or any portion thereof made by a Lender) or a Revolving Loan (or any portion thereof made by a Lender).

"Committed Loan Notice" means a notice of (a) a Committed Borrowing, (b) a conversion of Committed Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated Subsidiary" means each of Quality Services Laboratories, Inc., CONAM Inspection & Engineering Services, Inc., Physical Acoustics Ltd., Euro Physical Acoustics, S.A., Anru Physical ALC TLP Beheer B.V., Physical Acoustics India Private Ltd., Nippon Physical Acoustics Limited, Diapac, Physical Acoustics South America Ltda. and any other Subsidiary of Borrower now or hereafter included in the Audited Financial Statements.

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

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Debt Service Coverage Ratio" means the ratio of Fixed Charge Cash Flow to the sum of the current portion of long-term liabilities and the current portion of capitalized lease obligations, plus interest expense on all obligations.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to Obligations other than L/C Fees an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, and (b) when used with respect to L/C Fees, a rate equal to the Applicable Rate plus 2% per annum.

"Defaulting Lender" means any Lender that (a) has failed to fund any portion of the Committed Loans or participations in L/C Obligations required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder unless such failure has been cured, (b) has otherwise failed to pay over to Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute or unless such failure has been cured, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dollar" and "$" mean lawful money of the United States.

"EBITDA" means net income, less income or plus loss from discontinued operations and extraordinary items, plus income taxes, plus interest expense, plus depreciation, depletion, and amortization (including non-cash loss on retirement of assets), plus stock option expense, less cash expense related to stock options and adjusted for certain historical expenses, accounting adjustments, and other non-cash charges, all in the Required Lenders' sole discretion. With respect to each company acquired by the Borrower in accordance with Section 7.02(f), (i) for purposes of determining compliance by the Borrower with Section 6.12 of this Agreement, EBITDA shall not include the EBITDA of such acquired company to the extent attributable to periods prior to the date of such acquisition and (ii) for purposes of determining the Applicable Rate, EBITDA shall include the historical EBITDA of such acquired company during the applicable 12-month reporting period, whether or not the acquired company was owned by the Borrower during the entire period in question.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 10.06(b)(v) and (vi) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of

any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Borrower or any ERISA Affiliate.

"Eurodollar Base Rate" has the meaning specified in the definition of Eurodollar Rate.

"Eurodollar Rate" means for any Interest Period with respect to a Eurodollar Rate Loan, a rate per annum determined by Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Base Rate" means, for such Interest Period the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the "Eurodollar Base Rate" for such Interest Period shall be the rate per annum determined by Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System of the United States for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Rate Loan" means a Committed Loan that bears interest at a rate based on the Eurodollar Rate.

"Event of Default" has the meaning specified in Section 8.01.

"Excluded Taxes" means, with respect to Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which Borrower is located.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day

as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by Agent.

"Fixed Charge Cash Flow" means (a) net income, after income tax, (b) less income or plus loss from discontinued operations and extraordinary items, (c) plus depreciation, depletion and amortization and other non-cash charges, (d) plus interest expense on all obligations, and (e) minus unfunded capital expenditures, dividends, cash distributions, withdrawals and other distributions.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Free Cash Flow" means the sum of EBITDA minus all taxes paid or payable in cash, minus cash interest paid, minus all capital expenditures made in cash, minus all scheduled and non-scheduled principal payments on Funded Debt made during the period (excluding free cash flow payments pursuant to Section 2.05(c) of this Agreement), minus acquisition costs and plus or minus changes in working capital.

"Funded Debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities, including current and long term liabilities.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital,

equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" means each of Quality Services Laboratories, Inc., CONAM Inspection & Engineering Services, Inc., Physical Acoustics Corporation and CISMIS Springfield Corp.

"Guaranty" means the Guaranty made by each Guarantor in favor of Agent and for the benefit of the Lenders, in form and substance satisfactory to Agent.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and, in each case, not past due for more than 60 days or such longer period as permitted in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) capital leases and Synthetic Lease Obligations;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan, the last Business Day of each January, April, July and October and the Maturity Date.

"Interest Period" means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two or three months thereafter, as selected by Borrower in its Committed Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

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

(iii) no Interest Period shall extend beyond the Maturity Date.

"Internal Control Event" means a material weakness in, or fraud that involves management or other employees who have a significant role in Borrower's internal controls over financial reporting.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices ISP98" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" means with respect to any Letter of Credit, the L/C Application, and any other document, agreement and instrument entered into by the L/C Issuer and Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to such Letter of Credit.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Advance" means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

"L/C Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Committed Borrowing.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Expiration Date" means the day that is thirty days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"L/C Fee" has the meaning specified in Section 2.03(i).

"L/C Issuer" means Bank of America, N.A. in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

"L/C Obligations" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Sublimit" means an amount equal to $1,000,000. The L/C Sublimit is part of, and not in addition to, the Aggregate Revolving Loan Commitments.

"Lender" has the meaning specified in the introductory paragraph hereto.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify Borrower and Agent.

"Letter of Credit" means any letter of credit issued hereunder. A Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means an extension of credit by a Lender to Borrower under Article II in the form of a Revolving Loan or the Term Loan.

"Loan Documents" means this Agreement, each Note, each Issuer Document, the Agent Fee Letter, each Collateral Document, the Guaranty, the Subordination Agreement and the Post-Closing Undertaking Agreement.

"Loan Parties" means, collectively, Borrower and each Person (other than Agent, the L/C Issuer, or any Lender) executing a Loan Document including, without limitation, each Guarantor and such each Person executing a Collateral Document.

"Majority-Owned Subsidiary" of the Borrower means a Subsidiary of which the Borrower owns, directly or indirectly through another Subsidiary, more than 50% of the issued and outstanding capital stock or other equity interests.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of Borrower or Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower to perform its obligations under this Agreement; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party which could reasonably be expected to have a material adverse effect upon the rights of the Lenders hereunder.

"Maturity Date" means October 31, 2012.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Note" means a Revolving Note or a Term Note.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental

Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Taxes" means all present or future stamp or documentary taxes imposed by any taxing authority (i) which may arise from the registration, filing, recording, or perfection of any security interest in connection with this Agreement or any other Loan Document (other than Taxes attributable to a voluntary transfer of a Loan or Note by a Lender or Participant) or (ii) from the enforcement of this Agreement or any other Loan Document in connection with an Event of Default.

"Outstanding Revolving Loan Amount" means (i) with respect to Revolving Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Loans, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by Borrower of Unreimbursed Amounts.

"Participant" has the meaning specified in Section 10.06(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"PCAOB" means the Public Company Accounting Oversight Board.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by Borrower or any ERISA Affiliate or to which Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Platform" has the meaning specified in Section 6.02.

"Post-Closing Undertaking Agreement" means the post-closing undertaking agreement as of the date hereof by and between the Borrower and the Agent.

"Register" has the meaning specified in Section 10.06(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Committed Loans, a Committed Loan Notice and (b) with respect to an L/C Credit Extension, a L/C Application.

"Required Lenders" means, as of any date of determination, Lenders having more than 50% of the sum of the Revolving Loan Commitments and the outstanding principal balance of the Term Loans (taken as a whole) or, if the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than 50% of the total outstanding Loans (with the aggregate amount of each Lender's risk participation and funded participation in L/C Obligations being deemed "held" by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the total outstanding Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Responsible Officer" means the chief executive officer, president, chief financial officer, treasurer and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest or on account of any return of capital to Borrower's stockholders, partners or members (or the equivalent Person thereof).

"Revolving Loan" has the meaning specified in Section 2.01(b).

"Revolving Loan Commitment" means, as to each Lender, its obligation to (a) make Revolving Loans to Borrower pursuant to Section 2.01(a) and (b) purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on the portion of Schedule 2.01 describing the Revolving Loans or in the Assignment and

Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Revolving Note" means a promissory note made by Borrower in favor of a Lender evidencing a Revolving Loan made by such Lender, substantially in the form of Exhibit B.

"Sarbanes-Oxley" means the Sarbanes-Oxley Act of 2002.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Securities Laws" means the Securities Act of 1933, the Securities Exchange Act of 1934, Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the PCAOB.

"Subordination Agreement" means the subordination agreement by and among the Borrower, the Agent and TC NDT Holdings LLC, Altus Capital Partners SBIC, L.P., Altus Mistras Co-Investment, LLC and Sotirios J. Vahaviolos.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Borrower.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" has the meaning specified in Section 2.01(a).

"Term Loan Commitment" means, as to each Lender, the amount set forth opposite such Lender's name on the portion of Schedule 2.01 describing the Term Loan or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Term Note" means a promissory note made by Borrower in favor of a Lender evidencing the Lender's Applicable Percentage of the Term Loan, substantially in the form of Exhibit C.

"Threshold Amount" means $500,000.

"Total Liabilities" means the sum of current liabilities plus long term liabilities.

"Total Revolving Loan Outstandings" means the aggregate Outstanding Revolving Loan Amount of all Revolving Loans and all L/C Obligations.

"Type" means, with respect to a Committed Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c)(i).

"Wholly-Owned Subsidiary" of the Borrower means a Subsidiary of which the Borrower owns, directly or indirectly through another Subsidiary, 95% or more of the issued and outstanding capital stock or other equity interests.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Borrower or the Required Lenders shall so request, Agent, Lenders and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) Borrower shall provide to Agent and Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Consolidation of Variable Interest Entities. All references herein to consolidated financial statements of Borrower and its Consolidated Subsidiaries or to the determination of any amount for Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that Borrower is required to consolidate pursuant to FASB Interpretation No. 46 — Consolidation of Variable Interest Entities: an interpretation of ARB No. 51 (January 2003) as if such variable interest entity were a Subsidiary as defined herein.

1.04 Rounding. Any financial ratios required to be maintained by Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Letter of Credit Amounts. Unless otherwise specified herein the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such

Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II. THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Loans.

(a) Term Loan. Subject to the terms and conditions set forth herein, each Lender severally agrees to make a term loan (each such loan, a "Term Loan") to Borrower on the Closing Date in an amount equal to the amount of such Lender's Term Loan Commitment, and to execute and deliver to each such Lender a Term Note. Term Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein. Once repaid or prepaid, the Term Loan may not be re-borrowed.

(b) Revolving Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make certain revolving loans (each such revolving loan, a "Revolving Loan") to Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Loan Commitment; provided, however, that after giving effect to any Borrowing of a Revolving Loan, (i) the Total Revolving Loan Outstandings shall not exceed the Aggregate Revolving Loan Commitments, and (ii) the aggregate Outstanding Revolving Loan Amount of all Revolving Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Revolving Loan Amount of all L/C Obligations shall not exceed such Lender's Revolving Loan Commitment. Within the limits of each Lender's Revolving Loan Commitment, and subject to the other terms and conditions hereof, Borrower may borrow under this Section 2.01(b), prepay under Section 2.04, and reborrow under this Section 2.01(b). The Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein and the Borrower shall execute and deliver a Revolving Note to each Lender.

2.02 Borrowings, Conversions and Continuations of Committed Loans.

(a) Each Committed Borrowing, each conversion of Committed Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon Borrower's irrevocable notice to Agent, which may be given by telephone. Each such notice must be received by Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Except as provided in Sections 2.03(c), each conversion to Base Rate Loans shall be in a principal amount of

$500,000 or a whole multiple of $100,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether Borrower is requesting a Committed Borrowing, a conversion of Committed Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Committed Loans to be borrowed, converted or continued, (iv) the Type of Committed Loans to be borrowed or to which existing Committed Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If Borrower fails to specify a Type of Committed Loan in a Committed Loan Notice or if Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Committed Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice, Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Loans, and if no timely notice of a conversion or continuation is provided by Borrower, Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Committed Borrowing, each Lender shall make the amount of its Committed Loan available to Agent in immediately available funds at the Agent's Office not later than 2:00 p.m. on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), Agent shall make all funds so received available to Borrower in like funds as received by Agent either by (i) crediting the account of Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) Agent by Borrower; provided, however, that if, on the date the Committed Loan Notice with respect to such Borrowing is given by Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing first, shall be applied, to the payment in full of any such L/C Borrowings, and second, shall be made available to Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans and Borrower agrees to pay all amounts due under Section 3.05 in accordance with the terms thereof due to any such conversion.

(d) Agent shall promptly notify Borrower and Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate.

(e) After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than four Interest Periods in effect with respect to Committed Loans.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the L/C Expiration Date, to issue Letters of Credit for the account of Borrower, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of Borrower and any drawings thereunder; provided that the Lenders shall have no obligation to issue a Letter of Credit unless after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Revolving Loan Outstandings shall not exceed the Aggregate Revolving Loan Commitments, (y) the aggregate Outstanding Revolving Loan Amount of all Revolving Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Revolving Loan Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Term Loan shall not exceed such Lender's Commitment, and (z) the Outstanding Revolving Loan Amount of the L/C Obligations shall not exceed the L/C Sublimit. Each request by Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall not issue any Letter of Credit, if:

(A) subject to Section 2.03(b)(iv), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required Lenders have approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur after the L/C Expiration Date, unless all the Lenders have approved such expiry date.

(iii) The L/C Issuer shall be under no obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which in each case the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally, a copy of which policies has previously been provided to the Borrower or is provided in connection with the Borrower's L/C Application

(C) except as otherwise agreed by Agent and the L/C Issuer, such Letter of Credit is in an initial stated amount less than $10,000, in the case of a commercial Letter of Credit, or $100,000, in the case of a standby Letter of Credit;

(D) such Letter of Credit is to be denominated in a currency other than Dollars;

(E) a default of any Lender's obligations to fund under Section 2.03(c) exists or any Lender is at such time a Defaulting Lender hereunder, unless the L/C Issuer has entered into satisfactory arrangements with Borrower or such Lender to eliminate the L/C Issuer's risk with respect to such Lender; or

(F) unless specifically provided for in this Agreement, such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) The L/C Issuer shall not amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(v) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(vi) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" or "Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of Borrower delivered to the L/C Issuer (with a copy to Agent) in the form of a L/C Application, appropriately completed and signed by a Responsible Officer of Borrower. Such L/C Application must be received by the L/C Issuer and Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such L/C Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the L/C Issuer reasonably may require. In the case of a request for an amendment of any outstanding Letter of Credit, such L/C Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer reasonably may require. Additionally, Borrower shall furnish to the L/C Issuer and Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or Agent reasonably may require.

(ii) Promptly after receipt of any L/C Application at the address set forth in Section 10.02, the L/C Issuer will confirm with Agent (by telephone or in writing) that Agent has received a copy of such L/C Application from Borrower and, if not, the L/C Issuer will provide Agent with a copy thereof. Unless the L/C Issuer has received

written notice from any Lender, Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Letter of Credit.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to Borrower and Agent a true and complete copy of such Letter of Credit or amendment.

(iv) If Borrower so requests in any applicable L/C Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the L/C Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Extension Notice Date (1) from Agent that the Required Lenders have elected not to permit such extension or (2) from Agent, any Lender or Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(v) If Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that permits the automatic reinstatement of all or a portion of the stated amount thereof after any drawing thereunder (each, an "Auto-Reinstatement Letter of Credit"). Unless otherwise directed by the L/C Issuer, Borrower shall not be required to

make a specific request to the L/C Issuer to permit such reinstatement. Once an Auto-Reinstatement Letter of Credit has been issued, except as provided in the following sentence, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to reinstate all or a portion of the stated amount thereof in accordance with the provisions of such Letter of Credit. Notwithstanding the foregoing, if such Auto-Reinstatement Letter of Credit permits the L/C Issuer to decline to reinstate all or any portion of the stated amount thereof after a drawing thereunder by giving notice of such non-reinstatement within a specified number of days after such drawing (the "Non-Reinstatement Deadline"), the L/C Issuer shall not permit such reinstatement if it has received a notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Reinstatement Deadline (A) from Agent that the Required Lenders have elected not to permit such reinstatement or (B) from Agent, any Lender or Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied (treating such reinstatement as an L/C Credit Extension for purposes of this clause) and, in each case, directing the L/C Issuer not to permit such reinstatement.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify Borrower and Agent thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), Borrower shall reimburse the L/C Issuer through Agent in an amount equal to the amount of such drawing. If Borrower fails to so reimburse the L/C Issuer by such time, Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Applicable Percentage thereof. In such event, Borrower shall be deemed to have requested a Committed Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Loan Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Committed Loan Notice). Any notice given by the L/C Issuer or Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available to Agent for the account of the L/C Issuer at the Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to Borrower in such amount. Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Committed Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Lender funds its Committed Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Committed Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by Borrower of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the LC/ Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any Lender (through Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from Borrower or otherwise, including proceeds of Cash Collateral applied thereto by Agent), Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by Agent.

(ii) If any payment received by Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Lender shall pay to Agent for the account of the L/C Issuer its Applicable Percentage thereof on demand of Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to

any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower.

Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with Borrower's instructions or other irregularity, Borrower will promptly notify the L/C Issuer. Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by Borrower which Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer

or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the L/C Expiration Date, any L/C Obligation for any reason remains outstanding, Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Revolving Loan Amount of all L/C Obligations. Sections 2.05 and 8.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes hereof, "Cash Collateralize" means to pledge and deposit with or deliver to Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to Agent and the L/C Issuer (which documents are hereby consented to by Lenders). Derivatives of such term have corresponding meanings. Borrower hereby grants to Agent, for the benefit of the L/C Issuer and Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash collateral shall be maintained in blocked, interest bearing deposit accounts at Bank of America.

(h) Applicability of ISP and UCP. Unless otherwise expressly agreed by the L/C Issuer and Borrower when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

(i) L/C Fees. Borrower shall pay to Agent for the account of each Lender in accordance with its Applicable Percentage a L/C fee (the "L/C Fee") for each standby Letter of Credit equal to 1% per annum times the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. L/C Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the L/C Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all L/C Fees shall accrue at the Default Rate.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. Borrower shall pay directly to the L/C Issuer for its own account a fronting fee (i)

with respect to each commercial Letter of Credit at the rate specified in the Agent Fee Letter, computed on the amount of such Letter of Credit, and payable upon the issuance thereof, (ii) with respect to any amendment of a commercial Letter of Credit increasing the amount of such Letter of Credit, at a rate separately agreed between Borrower and the L/C Issuer, computed on the amount of such increase, and payable upon the effectiveness of such amendment, and (iii) with respect to each Letter of Credit, at the rate per annum specified in the Agent Fee Letter, computed on the daily amount available to be drawn under such Letter of Credit and on a quarterly basis in arrears. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December, in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the L/C Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, Borrower shall pay directly to the L/C Issuer for its own account the reasonable and customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such individual customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Documents, the terms hereof shall control.

2.04 Repayment of Loans (a) Borrower shall repay to Lenders on the Maturity Date the aggregate principal amount of all Revolving Loans outstanding on such date.

(b) The Borrower shall repay to the Agent for the ratable account of the Lenders the percentage of the aggregate principal amount of the Term Loan as follows (with adjustment for any prepayments made under Section 2.05), each such payment to be made on the last Business Day of the applicable quarterly period:

Quarter Ending	Payment
January 31, 2007	1.25%
April 30, 2007	1.25%
July 31, 2007	1.25%
October 31, 2007	1.25%
January 31, 2008	2.50%
April 30, 2008	2.50%

Quarter Ending	Payment
July 31, 2008	2.50%
October 31, 2008	2.50%
January 31, 2009	3.75%
April 30, 2009	3.75%
July 31, 2009	3.75%
October 31, 2009	3.75%
January 31, 2010	5.00%
April 30, 2010	5.00%
July 31, 2010	5.00%
October 31, 2010	5.00%
January 31, 2011	5.00%
April 30, 2011	5.00%
July 31, 2011	5.00%
October 31, 2011	5.00%
January 31, 2012	7.50%
April 30, 2012	7.50%
July 31, 2012	7.50%
October 31, 2012	7.50%

; provided that on the Maturity Date, all Loans outstanding on such date shall be repaid.

2.05 Prepayments (a) Borrower may, upon notice to Agent, at any time or from time to time voluntarily prepay the Term Loan or Revolving Loans in whole or in part without premium or penalty; provided that such notice must be received by Agent not later than 11:00 a.m. three Business Days prior to any date of prepayment of Eurodollar Rate Loans. Each such notice shall specify the date and amount of such

prepayment and the Type(s) of Committed Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by Borrower, Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Committed Loans of Lenders in accordance with their respective Applicable Percentages.

(b) If for any reason the Total Revolving Loan Outstandings at any time exceed the Aggregate Revolving Loan Commitments then in effect, Borrower shall immediately prepay Revolving Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05 unless after the prepayment in full of the Revolving Loans the Total Revolving Loan Outstandings exceed the Aggregate Revolving Loan Commitments then in effect.

(c) Until such time as the ratio of Funded Debt to EBITDA is less than 2.0:1.0, on or before October 1 of each year, beginning in 2008, Borrower shall pay to Agent for the ratable account of the Lenders an amount equal to twenty-five (25%) percent of Free Cash Flow for the immediately preceding fiscal year; provided, however, if the financial statements delivered by the Borrower pursuant to Section 6.01(a) and the Compliance Certificate delivered by the Borrower pursuant to Section 6.02(a) evidence the Borrower's satisfaction of the Financial Covenants in Section 6.12 through the fiscal year ending May 31, 2008, the prepayment required under this Section 2.05(c) shall be the lesser of twenty-five (25%) percent of Free Cash Flow for the immediately preceding fiscal year or $1,500,000.

(d) All prepayments under this Section 2.05 shall be applied to installments due under the Term Loan in the inverse order of their maturity.

2.06 Termination or Reduction of Commitments. Borrower may, upon notice to Agent, terminate the Aggregate Revolving Loan Commitments, or from time to time permanently reduce the Aggregate Revolving Loan Commitments; provided that (i) any such notice shall be received by Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof, (iii) Borrower shall not terminate or reduce the Aggregate Revolving Loan Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Loan Outstandings would exceed the Aggregate Revolving Loan Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Revolving Loan Commitments, the L/C Sublimit exceeds the amount of the Aggregate Revolving

Loan Commitments, such Sublimit shall be automatically reduced by the amount of such excess. Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Loan Commitments. Any reduction of the Aggregate Revolving Loan Commitments shall be applied to the Revolving Loan Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Revolving Loan Commitments shall be paid on the effective date of such termination.

2.07 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists, Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.08 Fees. In addition to certain fees described in subsections (i) and (j) of Section 2.03:

(a) Commitment Fee. Borrower shall pay to Agent for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to .375% of the daily amount by which the Aggregate Revolving Loan Commitments exceed the sum of (i) the Outstanding Revolving Loan Amount of Revolving Loans and (ii) the Outstanding Revolving Loan Amount of L/C Obligations, calculated on the basis of a 360-day year and the number of actual days elapsed. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Lenders' Upfront Fee. On the Closing Date, Borrower shall pay to Agent, for the account of each Lender in accordance with their respective Applicable Percentages, an upfront fee in an amount of $200,000. Such upfront fees are for the credit facilities committed by Lenders under this Agreement and are fully earned on the date paid. The upfront fee paid to each Lender is solely for its own account and is nonrefundable for any reason whatsoever.

2.09 Computation of Interest and Fees. All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.11(a), bear interest for one day. Each determination by Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.10 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by Agent in the ordinary course of business. The accounts or records maintained by Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made

by Lenders to Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of Agent in respect of such matters, the accounts and records of Agent shall control in the absence of manifest error. Upon the request of any Lender made through Agent, Borrower shall execute and deliver to such Lender (through Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of Agent shall control in the absence of manifest error.

2.11 Payments Generally; Agent's Clawback.

(a) (i) General. All payments to be made by Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by Borrower hereunder shall be made to Agent, for the account of the respective Lenders to which such payment is owed, at the Agent's Office in Dollars and in immediately available funds not later than 12:00 noon on the date specified herein. Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds by wire transfer to such Lender's Lending Office. All payments received by Agent after 12:00 noon shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(ii) On each date when the payment of any principal, interest or fees are due hereunder or under any Note, Borrower agrees to maintain on deposit in an ordinary checking account maintained by Borrower with Agent (as such account shall be designated by Borrower in a written notice to Agent from time to time, the "Borrower Account") an amount sufficient to pay such principal, interest or fees in full on such date. Borrower hereby authorizes Agent (A) to deduct automatically all principal, interest or fees when due hereunder or under any Note from the Borrower Account, and (B) if and to the extent any payment of principal, interest or fees under this Agreement or any Note is not made when due to deduct any such amount from any or all of the

accounts of Borrower maintained at Agent. Agent agrees to provide written notice to Borrower of any automatic deduction made pursuant to this Section 2.11(a)(ii) showing in reasonable detail the amounts of such deduction. Lenders agree to reimburse Borrower promptly based on their Applicable Percentage for any amounts deducted from such accounts in excess of amount due hereunder and under any other Loan Documents.

(b) (i) Funding by Lenders; Presumption by Agent. Unless Agent shall have received notice from a Lender prior to the proposed date of any Committed Borrowing of Eurodollar Rate Loans (or, in the case of any Committed Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Committed Borrowing) that such Lender will not make available to Agent such Lender's share of such Committed Borrowing, Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Committed Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Committed Borrowing available to Agent, then the applicable Lender and Borrower severally agree to pay to Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by Agent in connection with the foregoing and (B) in the case of a payment to be made by Borrower, the interest rate applicable to Base Rate Loans. If Borrower and such Lender shall pay such interest to Agent for the same or an overlapping period, Agent shall promptly remit to Borrower the amount of such interest paid by Borrower for such period. If such Lender pays its share of the applicable Committed Borrowing to Agent, then the amount so paid shall constitute such Lender's Revolving Loan included in such Committed Borrowing. Any payment by Borrower shall be without prejudice to any claim Borrower may have against a Lender that shall have failed to make such payment to Agent.

(ii) Payments by Borrower; Presumptions by Agent. Unless Agent shall have received notice from Borrower prior to the date on which any payment is due to Agent for the account of the Lenders or the L/C Issuer hereunder that Borrower will not make such payment, Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if Borrower has not in fact made such payment, then each of Lenders or the L/C Issuer, as the case may be, severally agrees to repay to Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Agent, at the greater of the

Federal Funds Rate and a rate determined by Agent in accordance with banking industry rules on interbank compensation. A notice of Agent to any Lender or Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to Borrower by Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and to make payments under Section 10.04(c) are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.12 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Committed Loans made by it, or the participations in L/C Obligations held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Committed Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify Agent of such fact, and (b) purchase (for cash at face value) participations in the Committed Loans and subparticipations in L/C Obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Committed Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans or subparticipations in L/C Obligations to any assignee or participant, other than to Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

ARTICLE III. TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes. Any and all payments by Borrower to or on account of any obligation of Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that if Borrower shall be required by any applicable law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), Agent, Lender or L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

(b) Payment of Other Taxes by Borrower. Without limiting the provisions of subsection (a) above, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) Indemnification by Borrower. Borrower shall indemnify Agent, each Lender and the L/C Issuer, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by Agent, such Lender or the L/C Issuer, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender or the L/C Issuer (with a copy to Agent), or by

Agent on its own behalf or on behalf of a Lender or the L/C Issuer, shall be conclusive absent manifest error.

(d) Status of Lenders. Any Lender, if requested by Borrower or Agent, shall deliver such documentation prescribed by applicable law or reasonably requested by Borrower or Agent as will enable Borrower or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Treatment of Certain Refunds. If Agent, any Lender or the L/C Issuer has received a refund of any Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section, it shall pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of Agent, such Lender or the L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that Borrower, upon the request of Agent, such Lender or the L/C Issuer, agrees to repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Agent, such Lender or the L/C Issuer in the event Agent, such Lender or the L/C Issuer is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require Agent, any Lender or the L/C Issuer to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrower or any other Person.

3.02 Illegality. If any Lender determines that any applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to Borrower through Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies Agent and Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, Borrower shall, upon demand from such Lender (with a copy to Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted and all amounts due under Section 3.05 in accordance with the terms thereof due to such prepayment or conversion.

3.03 Inability to Determine Rates. If Agent determines in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or (c) the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, Agent will promptly so notify Borrower and each Lender. Thereafter, the obligation of Lenders to make or maintain Eurodollar Rate Loans shall be suspended until Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs.

(a) Increased Costs Generally. If any Change in Law applicable to the Lender or the L/C Issuer shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate) or the L/C Issuer;

(ii) subject any Lender or the L/C Issuer to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender or the L/C Issuer in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or the L/C Issuer); or

(iii) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the L/C

Issuer, Borrower will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the L/C Issuer determines that any Change in Law affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's or the L/C Issuer's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to Borrower shall be conclusive absent manifest error. Borrower shall pay such Lender or the L/C Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that Borrower shall not be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to Agent) from time to time, Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by Borrower;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. For purposes of calculating amounts payable by Borrower to Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations. If any Lender requests compensation under Section 3.04, or Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

3.07 Survival. All of Borrower's obligations under this Article III shall survive termination of the Aggregate Revolving Loan Commitments and repayment of all other Obligations hereunder.

ARTICLE IV. CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to Agent and each of the Lenders:

(i) executed counterparts of this Agreement, all Collateral Documents and the Guaranty, sufficient in number for distribution to Agent, each Lender and Borrower;

(ii) a Note executed by Borrower in favor of each Lender requesting such Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such documents and certifications as Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion of counsel to the Loan Parties acceptable to Agent addressed to Agent and each Lender, as to the matters set forth concerning the Loan Parties and the Loan Documents in the form attached hereto as Exhibit F;

(vi) a certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required;

(vii) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect;

(viii) a duly completed Compliance Certificate as of the last day of the fiscal quarter of Borrower most recently ended prior to the Closing Date, signed by a Responsible Officer of Borrower;

(ix) evidence that all commitments under the Amended and Restated Revolving Credit, Term Loan and Security Agreement dated August 8, 2003, as amended, among Borrower and certain of its Subsidiaries and PNC Bank National Association, as lender and as agent (the "Existing Credit Agreement") have been or concurrently with the Closing Date are being terminated, and all outstanding amounts thereunder paid in full and all Liens securing obligations under the Existing Credit Agreement have been or concurrently with the Closing Date are being released;

(x) a forecast for the Borrower's fiscal year ending May 31, 2007, in the same format as required for the 2008 fiscal year forecast, all as described in Section 6.01(e); and

(xi) such other assurances, certificates, documents, consents or opinions as Agent, the L/C Issuer or the Required Lenders reasonably may require.

(b) Any fees required to be paid on or before the Closing Date shall have been paid.

(c) Unless waived by Agent, Borrower shall have paid the reasonable fees, charges and disbursements of counsel to Agent (directly to such counsel if requested by Agent) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that the aggregate amount of such fees, exclusive of disbursements, shall not exceed $65,000 for work performed prior to the Closing Date and that such estimate shall not thereafter preclude a final settling of accounts between Borrower and Agent).

(d) The Closing Date shall have occurred on or before November 30, 2006.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension is subject to the following conditions precedent:

(a) The representations and warranties of Borrower and each other Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) Agent and, if applicable, the L/C Issuer shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) Agent shall have received, in form and substance satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as Agent or the Required Lenders reasonably may require.

Each Request for Credit Extension submitted by Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Agent and the Lenders that:

5.01 Existence, Qualification and Power. Each Loan Party (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization

Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any applicable Law except in the case of subsections (b) and (c) where such breach, contravention or payment could not reasonably be expected to have a Material Adverse Effect.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document except for such filings as may be necessary to perfect the security interest of the Agent in the Collateral.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms.

5.05 Financial Statements; No Material Adverse Effect; No Internal Control Event.

(a) (i) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of Borrower and its Consolidated Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of Borrower and its Consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited consolidated balance sheets of Borrower and its Consolidated Subsidiaries dated August 31, 2006, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of Borrower and its Consolidated Subsidiaries as of the date thereof and their results of operations for the period covered

thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(d) To the best knowledge of Borrower, no Internal Control Event exists or has occurred since the date of the Audited Financial Statements that has resulted in or could reasonably be expected to result in a misstatement in any material respect, in any financial information delivered or to be delivered to Agent or Lenders, of (i) covenant compliance calculations provided hereunder or (ii) the assets, liabilities, financial condition or results of operations of Borrower and its Subsidiaries on a consolidated basis.

(e) The forecasted balance sheet and statements of income and cash flows of Borrower and its Consolidated Subsidiaries delivered pursuant to Section 6.01(c) were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, Borrower's best estimate of its future financial condition and performance.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against Borrower or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby, or (b) except as specifically disclosed in Schedule 5.06, either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect, and there has been no adverse change in the status, or financial effect on any Loan Party or any Subsidiary thereof, of the matters described on Schedule 5.06.

5.07 No Default. Neither any Loan Party nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property; Liens. Each of Borrower and each Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of Borrower and its Subsidiaries is subject

to no Liens, other than Liens permitted by Section 7.01, including Liens listed on Schedule 7.01.

5.09 Environmental Compliance. Borrower and its Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof Borrower has reasonably concluded that, except as specifically disclosed in Schedule 5.09, such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.10 Insurance. The properties of Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Borrower, in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks as Borrower reasonably believes appropriate. All insurance with respect to the Collateral shall (i) contain a breach of warranty clause in favor of the Agent, (ii) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least 30 days after receipt by the Agent of written notice thereof and (iii) be reasonably satisfactory in all material respects to the Agent.

5.11 Taxes. Borrower and its Subsidiaries have filed all foreign and domestic Federal, state and other material tax returns and reports required to be filed, and have paid all foreign and domestic Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against Borrower or any Subsidiary that would, if made, have a Material Adverse Effect.

5.12 ERISA Compliance.

(a) Each Plan is in compliance with the applicable provisions of ERISA, the Code and other Federal or state Laws except for any failure to comply which, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. Borrower and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any such Plan.

(b) There are no pending or, to the best knowledge of Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability in excess of the Threshold Amount; (iii) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

5.13 Subsidiaries. As of the Closing Date, Borrower has no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.13, and the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by a Loan Party in the amounts specified on Part (a) of Schedule 5.13 free and clear of all Liens. Borrower has no equity investments in any other corporation or entity other than those specifically disclosed in Part(b) of Schedule 5.13. All of the outstanding Equity Interests in Borrower have been validly issued and are fully paid and nonassessable and are owned by the parties specified and in the amounts specified on Part (c) of Schedule 5.13 free and clear of all Liens.

5.14 Margin Regulations; Investment Company Act; Public Utility Holding Company Act.

(a) Neither Borrower nor any Subsidiary is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) None of Borrower, any Person Controlling Borrower, or any Subsidiary (i) is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, or (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.15 Disclosure. Borrower has disclosed to Agent and Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

5.16 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.17 Taxpayer Identification Number. Borrower's true and correct U.S. taxpayer identification number is set forth on Schedule 10.02.

5.18 Intellectual Property; Licenses, Etc. Borrower and its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Borrower or any Subsidiary infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.19 Rights in Collateral; Priority of Liens. Borrower and each other Loan Party own the property granted by it as Collateral under the Collateral Documents, free and clear of any and all Liens in favor of third parties, other than Liens permitted under Section 7.01, including Liens set forth on Schedule 7.01. Upon the proper filing of UCC financing statements and trademark and patent assignments, the Liens granted pursuant to the Collateral Documents will constitute valid and enforceable first, prior and perfected Liens in favor of Agent, for the ratable benefit of Agent and Lenders on all collateral on which a lien may be perfected by the filing of such UCC financing statements and trademark and patent assignments, subject only to the Liens set forth on Schedule 7.01.

ARTICLE VI. AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, Borrower shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, and 6.03) cause each Subsidiary to:

6.01 Financial Statements. Deliver to Agent a sufficient number of copies for delivery by Agent to each Lender, in form and detail satisfactory to Agent and the Required Lenders:

(a) as soon as available, but in any event within 120 days after the end of each fiscal year of Borrower, a consolidated balance sheet of Borrower and its Consolidated Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, such consolidated statements to be audited and accompanied by a report and opinion of Amper, Politziner & Mattia P.C. or another independent certified public accounting firm of recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and applicable Securities Laws and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit or with respect to the absence of any material misstatement.

(b) as soon as available, but in any event within 45 days after the end of each fiscal quarter of each fiscal year of Borrower, a consolidated balance sheet of Borrower and its Consolidated Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, such consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of Borrower and its Consolidated Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes; and

(c) as soon as available, but in any event at least 15 days before the end of each fiscal year of Borrower, forecasts prepared by management of Borrower, in form satisfactory to Agent and the Required Lenders, of consolidated balance sheets and statements of income or operations of Borrower and its Consolidated Subsidiaries for the immediately following fiscal year prepared (i) on a quarterly basis in the case of the forecast for Borrower's fiscal year ending May 31, 2008 or (ii) an annual basis in the case of the forecasts for each subsequent fiscal year of Borrower (including the fiscal year in which the Maturity Date occurs).

6.02 Certificates; Other Information. Deliver to Agent a sufficient number of copies for delivery by Agent to each Lender, in form and detail satisfactory to Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a duly completed Compliance Certificate signed by the chief financial officer or president of Borrower;

(b) promptly after any request by Agent or any Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of Borrower by independent accountants in connection with the accounts or books of Borrower or any Subsidiary, or any audit of any of them;

(c) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Borrower, and copies of any annual, regular, periodic and special reports and registration statements which Borrower may file or be required to file with the Securities and Exchange Commission under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to Agent pursuant hereto;

(d) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of any Loan Party or any Subsidiary thereof pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to Section 6.01 or any other clause of this Section 6.02;

(e) promptly, and in any event within five Business Days after receipt thereof by any Loan Party or any Subsidiary thereof, copies of each notice or other correspondence received from the Securities and Exchange Commission (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Loan Party or any Subsidiary thereof; and

(f) promptly, such additional information regarding the business, financial or corporate affairs of Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as Agent or any Lender may from time to time reasonably request.

Borrower hereby acknowledges that (a) Agent will make available to Lenders and the L/C Issuer materials and/or information provided by or on behalf of Borrower hereunder (collectively, "Borrower Materials") by posting Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to Borrower or its securities) (each, a "Public Lender").

Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," Borrower shall be deemed to have authorized Agent, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor".

6.03 Notices. Promptly notify Agent and each Lender for which the Agent has provided an address:

(a) of the occurrence of any Default;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect,

(c) of the occurrence of any ERISA Event;

(d) of any material change in accounting policies or financial reporting practices by Borrower or any Subsidiary, and

(e) of Borrower's determination at any time of the occurrence or existence of any Internal Control Event.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of Borrower setting forth details of the occurrence referred to therein and stating what action Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by Borrower or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property; and (c) all Indebtedness, as and when due and payable, but

subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew any registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties. (a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance compatible with the following standards) as are customarily carried under similar circumstances by such other Persons and providing for not less than 30 days' prior notice to Agent of termination, lapse or cancellation of such insurance. Borrower shall cause its carriers to name the Agent as additional insured and, in the case of property or casualty insurance for all tangible Collateral, first loss payee, and shall provide the Agent with a certificate or certificates evidencing such coverages and the payment of premiums therefore, on or before the Closing Date and at such times as the insurance in question is modified or renewed.

6.08 Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, write, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 Books and Records. (a) Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Borrower or such Subsidiary, as the case may be; and (b) maintain such books of

record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Borrower or such Subsidiary, as the case may be. Borrower shall maintain at all times books and records pertaining to the Collateral in such detail, form and scope as Agent or any Lender shall reasonably require.

6.10 Inspection Rights. Permit representatives and independent contractors of Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Borrower; provided, however, that when an Event of Default exists Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of Borrower at any time during normal business hours and without advance notice.

6.11 Use of Proceeds. Use the proceeds of the Credit Extensions to refinance all of the Borrower's existing Funded Debt, to support working capital needs (including the issuance of Letters of Credit) and finance acquisitions as permitted hereunder.

6.12 Financial Covenants

(a) EBITDA. Maintain on a consolidated basis EBITDA of not less than the following amounts calculated for the 12-month periods ending on the following dates:

Fiscal Year	Minimum Annual EBITDA
2007	$11,000,000
2008	$13,900,000
2009	$16,000,000
2010	$17,000,000
2011	$17,500,000
2012	$18,000,000

(b) Debt Service Coverage Ratio. Maintain on a consolidated basis a Debt Service Coverage Ratio of at least 1.10:1.0.

This ratio will be calculated at the end of each reporting period for which this Agreement requires Borrower to deliver financial statements, using the results of the twelve-month period ending with that reporting period. The current portion of long-term liabilities will be measured as of the last day of the calculation period.

(c) Funded Debt to EBITDA Ratio. Maintain on a consolidated basis a ratio of Funded Debt to EBITDA not exceeding 3.25:1.0 on the Closing Date, and the ratios indicated for each period specified below:

Period	Ratio
Through 5/31/08	3.0:1.0
From 6/1/08 through 5/31/09	2.75:1.0
From 6/1/09 and thereafter	2.5:1.0

This ratio will be calculated at the end of each reporting period for which this Agreement requires Borrower to deliver financial statements, using the results of the twelve-month period ending with that reporting period.

6.13 Additional Guarantors. Notify Agent at the time that any Person becomes a Subsidiary, and promptly thereafter (and in any event within 30 days), cause such Person that is a Majority-Owned Subsidiary to (a) become a Guarantor by executing and delivering to Agent a counterpart of the Guaranty or such other document as Agent shall deem appropriate for such purpose and (b) deliver to Agent documents of the types referred to in clauses (iii) and (iv) of Section 4.01(a), all in form, content and scope reasonably satisfactory to Agent, provided that such Subsidiary has assets or operating income that represents 5% or more of the assets or operating income of Borrower and/or was formed or incorporated in the United States.

6.14 Collateral Records. To execute and deliver promptly, and to cause each other Loan Party to execute and deliver promptly, to Agent, from time to time, solely for Agent's convenience in maintaining a record of the Collateral, such written statements and schedules as Agent may reasonably require designating, identifying or describing the Collateral. The failure by Borrower or any other Loan Party, however, to promptly give Agent such statements or schedules shall not affect, diminish, modify or otherwise limit the Liens on the Collateral granted pursuant to the Collateral Documents.

6.15 Security Interests. To, and to cause each other Loan Party to, (a) defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein, (b) comply with the requirements of all United States state and federal laws in order to grant to Agent and Lenders valid and perfected security interests in the Collateral subject only to Liens set forth on Schedule 7.01, with perfection, in the case of any investment property, deposit account or letter of credit, being effected by giving Agent control of such investment property or deposit account or letter of credit, rather than by the filing of a Uniform Commercial Code ("UCC") financing statement with respect to such investment property, and (c) do whatever Agent may reasonably request, from time to time, to effect the purposes of this Agreement and the

other Loan Documents, including filing notices of liens, UCC financing statements, fixture filings and amendments, renewals and continuations thereof; cooperating with Agent's representatives; keeping stock records; using reasonable efforts to obtain waivers from landlords and mortgagees and from warehousemen and their landlords and mortgages; and paying claims which might, if unpaid, become a Lien on the Collateral. Agent is hereby authorized by Borrower to file any UCC financing statements covering the Collateral whether or not Borrower's signatures appear thereon.

6.16 Deposits. The Borrower shall maintain its primary deposit relationship, including, without limitation, operating accounts and cash management services with the Agent, such services to be provided at reasonable costs to Borrower.

ARTICLE VII. NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, Borrower shall not, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the date hereof and listed on Schedule 7.01 and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 7.03(b), (iii) the direct or any contingent obligor with respect thereto is not changed, and (iv) and any renewal or extension of the obligations secured or benefited thereby is permitted by Section 7.03(b);

(c) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h); and

(i) Liens securing Indebtedness permitted under Section 7.03(e); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition.

7.02 Investments Make any Investments, except:

(a) Investments held by Borrower or such Subsidiary in the form of cash equivalents or short-term marketable debt securities;

(b) advances to officers, directors and employees of Borrower and Subsidiaries in an aggregate amount not to exceed $250,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;

(c) Investments of Borrower in any Wholly-Owned Subsidiary; investments of Borrower or any Wholly-Owned Subsidiary in other Subsidiaries, not to exceed $2,000,000 in any 12-month period; and Investments of any Wholly-Owned Subsidiary in Borrower or in another Wholly-Owned Subsidiary;

(d) Investments of Borrower or its Subsidiaries for strategic purposes in non-Subsidiary joint ventures, not to exceed $2,000,000 individually in any 12-month period; provided, however, Investments permitted under this Section 7.02(c) shall not be construed to increase the $5,000,000 limit on new acquisitions described in 7.02(f) below;

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(f) Investments in acquisitions (i) that do not exceed $7,500,000 in any 12-month period, (ii) of an entity that is in a line of business substantially similar to the business conducted by Borrower or its Subsidiaries, and (iii) for which pro-forma compliance with the financial covenants contained in Section 6.12 can be evidenced by Borrower to the reasonable satisfaction of Agent and Required Lenders; provided, however, that in all such instances notice of such acquisition shall be delivered to the Agent no later than 15 days prior to the date of the closing of such acquisition, and all material acquisition documents shall promptly be delivered to the Agent upon the Agent's request. Notwithstanding the foregoing, the aggregate consideration paid by Borrower for any one acquisition shall not exceed $2,000,000, except that Borrower shall have the one-time right to make an acquisition for an aggregate consideration in excess of $2,000,000, but not exceeding $2,500,000, provided that all other conditions in this Section 7.2(f) are met; and

(g) Guarantees permitted by Section 7.03.

7.03 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the date hereof and listed on Schedule 7.03 and any refinancings, refundings, renewals or extensions thereof; provided that (i) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate;

(c) Guarantees of Borrower or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of Borrower or any Subsidiary;

(d) obligations (contingent or otherwise) of Borrower or any Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) Indebtedness in respect of capital leases, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.01(i); provided, however, that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed $10,000,000; and

(f) Assumed indebtedness incurred in connection with acquisitions permitted under this Agreement or subordinated indebtedness issued in connection with payment for acquisitions permitted under this Agreement that is subordinated to payment of the Obligations on terms approved by the Agent in writing, or is otherwise approved by the Agent in writing, provided that the covenants set forth under Section 6.12 shall at all times continue to be satisfied, as tested on a pro forma basis.

7.04 Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) Borrower, provided that Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided that when any Majority-Owned Subsidiary is merging with another Subsidiary, the Majority-Owned Subsidiary shall be the continuing or surviving Person, and, provided further that if a Guarantor is merging with another Subsidiary, the Guarantor shall be the surviving Person; and

(b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to Borrower or to another Subsidiary; provided that if the transferor in such a transaction is a Majority-Owned Subsidiary, then the transferee must either be Borrower or a Majority-Owned Subsidiary and, provided further that if the transferor of such assets is a Guarantor, the transferee must either be Borrower or a Guarantor.

7.05 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Subsidiary to Borrower or to a Majority-Owned Subsidiary; provided that if the transferor of such property is a Guarantor, the transferee thereof must either be Borrower or a Guarantor;

(e) Dispositions permitted by Section 7.04; and

(f) Dispositions of up to $500,000 individually or in a series of related Dispositions.

provided, however, that any Disposition pursuant to clauses (a) through (e) shall be for fair market value.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, or issue or sell any Equity Interests, except that, so long as no Default shall exist at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to Borrower, Guarantors and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(c) Borrower and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new shares of its common stock or other common Equity Interests; and

(d) Borrower may make Restricted Payments to the extent permitted under the Subordination Agreement.

7.07 Change in Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.08 Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to Borrower or such Subsidiary as would be obtainable by Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that the foregoing restriction shall not apply to transactions between or among Borrower and any Guarantor or between and among Guarantors, so long as the effect of such transactions is not to circumvent the limitations contained in Section 7.02.

7.09 Burdensome Agreements. Enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that (a) limits the ability (i) of any Subsidiary to make Restricted Payments to Borrower or any Guarantor or to otherwise transfer property to Borrower or any Guarantor, (ii) of any Subsidiary to Guarantee the Indebtedness of Borrower or (iii) of Borrower or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person; provided, however, that this clause (iii) shall not prohibit any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.03(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person.

7.10 Use of Proceeds. Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation, or (ii) within three days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five days after

the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03, 6.05, 6.07, 6.08, 6.10, 6.11, 6.12 or 6.13; or Borrower fails to perform or observe any term, covenant or agreement contained Article VII, or any Guarantor fails to perform or observe any term, covenant or agreement contained in Article III of the Guaranty; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days or any default or Event of Default occurs under any other Loan Document; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Borrower or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts), such failed payment having an aggregate principal amount (including any payments owing due to acceleration caused by such failed payment) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which Borrower or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Borrower or any Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(h) Judgments. There is entered against Borrower or any Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 10 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (ii) Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. This Agreement, any Collateral Document or any Guaranty or any provision thereof, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any Loan Document or any provision thereof; or any Loan Party denies that it has any or

further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document or any provision thereof; or

(k) Change of Control. There occurs any Change of Control with respect to Borrower and/or any Guarantor except as permitted by Section 7.04 or 7.05; provided, however, that a Change of Control resulting from the death of Sotirios Vahaviolos shall not constitute an Event of Default if Borrower identifies and employs a replacement executive officer reasonably acceptable to the Agent within 60 days; or

(l) Material Adverse Effect. There occurs any event or circumstance that has a Material Adverse Effect.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Borrower;

(c) require that Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Revolving Loan Amount thereof); and

(d) exercise on behalf of itself, the Lenders and the L/C Issuer all rights and remedies available to it, the Lenders and the L/C Issuer under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and

payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including reasonable fees, charges and disbursements of counsel to Agent and amounts payable under Article III), payable to Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and L/C Fees) payable to Lenders and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuer (including fees and time charges for attorneys who may be employees of any Lender or the L/C Issuer) and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid L/C Fees and interest on the Loans, L/C Borrowings and other Obligations, ratably among Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, ratably among Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by applicable Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE IX. AGENT

9.01 Appointment and Authorization of Agent.

(a) Each of the Lenders and the L/C issuer hereby irrevocably appoints Bank of America to act on its behalf as Agent hereunder and under the other Loan Documents and authorizes Agent to take such actions on its behalf and to exercise

such powers as are delegated to Agent by the terms hereof and thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of Agent, the Lenders and the L/C Issuer, and neither Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

(b) Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders and the L/C Issuer hereby irrevocably appoints and authorizes Agent to act as the agent of such Lender and the L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by Agent pursuant to Section 9.05 or otherwise for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of Agent), shall be entitled to the benefits of all provisions of this Article IX and Article X, as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents as if set forth in full herein with respect thereto.

9.02 Rights as a Lender. The Person serving as Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if such Person were not Agent hereunder and without any duty to account therefor to Lenders.

9.03 Exculpatory Provisions. Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that Agent shall not be required to take any action that, in its opinion or the opinion of its

counsel, may expose Agent to liability or that is contrary to any Loan Document or applicable Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Agent or any of its Affiliates in any capacity.

(d) Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.02 and 10.01) or (ii) in the absence of its own gross negligence or willful misconduct. Agent shall be deemed not to have knowledge of any Default unless and until written notice describing such Default is given to Agent by Borrower, a Lender or the L/C Issuer. Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Agent.

9.04 Reliance by Agent. Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by Agent. Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

9.06 Resignation of Agent. Agent may at any time give notice of its resignation to Lenders, the L/C Issuer and Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of Lenders and the L/C Issuer, appoint a successor Agent meeting the qualifications set forth above; provided that if Agent shall notify Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

Any resignation by Bank of America as Agent pursuant to this Section shall also constitute its resignation as L/C Issuer. Upon the acceptance of a successor's appointment as Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, (b)

the retiring L/C Issuer shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

9.07 Non-Reliance on Agent and Other Lenders. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, no Lender holding a title listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as Agent, a Lender or the L/C Issuer hereunder.

9.09 Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, the L/C Issuer and Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders, the L/C Issuer and Agent and their respective agents and counsel and all other amounts due Lenders, the L/C Issuer and Agent under Sections 2.03(i) and (j), 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C

Issuer to make such payments to Agent and, in the event that Agent shall consent to the making of such payments directly to Lenders and the L/C Issuer, to pay to Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Agent and its agents and counsel, and any other amounts due Agent under Sections 2.08, 2.11 or 10.04. Nothing contained herein shall be deemed to authorize Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the L/C Issuer or to authorize Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

9.10 Guaranty Matters. Each Lender and the L/C Issuer hereby irrevocably authorizes Agent, at its option and in its discretion, to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder. Upon request by Agent at any time, each Lender and the L/C Issuer will confirm in writing Agent's authority to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10.

9.11 Collateral Matters.

(a) Each Lender and the L/C Issuer hereby irrevocably authorizes and directs Agent to enter into the Collateral Documents for the benefit of such Lender and the L/C Issuer. Each Lender and the L/C Issuer hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that, except as otherwise set forth in Section 10.01, any action taken by the Required Lenders, in accordance with the provisions of this Agreement or the Collateral Documents, and the exercise by the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of Lenders and the L/C Issuer. Agent is hereby authorized (but not obligated) on behalf of all of Lenders and the L/C Issuer, without the necessity of any notice to or further consent from any Lender or the L/C Issuer from time to time prior to, an Event of Default, to take any action with respect to any Collateral or Collateral Documents which may be necessary to perfect and maintain perfected the Liens upon the Collateral granted pursuant to the Collateral Documents.

(b) Each Lender and the L/C issuer hereby irrevocably authorize Agent, at its option and in its discretion,

(i) to release any Lien on any property granted to or held by Agent under any Loan Document (A) upon termination of the Aggregate Revolving Loan Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (B) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, (C) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders, or (D) in connection with any foreclosure sale or other disposition of Collateral after the occurrence of an Event of Default; and

(ii) to subordinate any Lien on any property granted to or held by Agent under any Loan Document to the holder of any Lien on such property that is permitted by this Agreement or any other Loan Document.

Upon request by Agent at any time, each Lender and the L/C Issuer will confirm in writing Agent's authority to release or subordinate its interest in particular types or items of Collateral pursuant to this Section 9.11.

(c) Subject to clause (b) above, Agent shall (and is hereby irrevocably authorized by each Lender and the L/C Issuer to) execute such documents as may be necessary to evidence the release or subordination of the Liens granted to Agent for the benefit of Agent and Lenders and the L/C Issuer herein or pursuant hereto upon the applicable Collateral; provided that (i) Agent shall not be required to execute any such document on terms which, in Agent's opinion, would expose Agent to or create any liability or entail any consequence other than the release or subordination of such Liens without recourse or warranty and (ii) such release or subordination shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Borrower or any other Loan Party in respect of) all interests retained by Borrower or any other Loan Party, including the proceeds of the sale, all of which shall continue to constitute part of the Collateral. In the event of any sale or transfer of Collateral, or any foreclosure with respect to any of the Collateral, Agent shall be authorized to deduct all expenses reasonably incurred by Agent from the proceeds of any such sale, transfer or foreclosure.

(d) Agent shall have no obligation whatsoever to any Lender, the L/C Issuer or any other Person to assure that the Collateral exists or is owned by Borrower or any other Loan Party or is cared for, protected or insured or that the Liens granted to Agent herein or in any of the Collateral Documents or pursuant hereto or thereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to Agent in this Section 9.11 or in any of the Collateral Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, Agent may act in any manner it may deem appropriate, in its sole discretion, given Agent's own interest in the Collateral as one of Lenders and that Agent shall have no duty or liability whatsoever to Lenders or the L/C Issuer.

(e) Each Lender and the L/C Issuer hereby appoints each other Lender as agent for the purpose of perfecting Lenders' and the L/C Issuer's security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender or the L/C Issuer (other than Agent) obtain possession of any such Collateral, such Lender or the L/C Issuer shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver such Collateral to Agent or in accordance with Agent's instructions.

ARTICLE X. MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and Borrower or the applicable Loan Party, as the case may be, and acknowledged by Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01(a) without the written consent of each Lender; provided, however, in the sole discretion of Agent, only a waiver by Agent shall be required with respect to immaterial matters or items specified in Section 4.01(a) (iii) or (iv) with respect to which Borrower has given assurances satisfactory to Agent that such items shall be delivered promptly following the Closing Date;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iii) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of Borrower to pay interest or L/C Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;

(e) change Section 2.12 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or

(g) release any Guarantor from the Guaranty or release the Liens on all or substantially all of the Collateral in any transaction or series of related transactions except in accordance with the terms of any Loan Document, without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by Agent in addition to the Lenders required above, affect the rights or duties of Agent under this Agreement or any other Loan Document; and (iii) the Agent Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

10.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrower, Agent or the L/C Issuer, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic

communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH BORROWER MATERIALS OR THE PLATFORM. In no event shall Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to Borrower, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Borrower's or Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to Borrower, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of Borrower, Agent and the L/C Issuer may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to Borrower, Agent and the L/C Issuer. In

addition, each Lender agrees to notify Agent from time to time to ensure that Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(e) Reliance by Agent, L/C Issuer and Lenders. Agent, the L/C Issuer and Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other telephonic communications with Agent may be recorded by Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure by any Lender, the L/C Issuer or Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. Borrower shall pay (i) all reasonable out of pocket expenses incurred by Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for Agent set forth in Section 4.01(c) hereof), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out of pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out of pocket expenses incurred by Agent, any Lender or the L/C Issuer (including the reasonable fees, charges and disbursements of any counsel for Agent, any Lender or the L/C Issuer), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by Borrower. Borrower shall indemnify Agent (and any sub-agent thereof), each Lender and the L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), asserted against any Indemnitee by any third party or by Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, or the consummation of the transactions contemplated hereby or thereby, or, in the case of Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee; (y) result from a claim brought by Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction; or (z) are or relate to Taxes.

(c) Reimbursement by Lenders. To the extent that Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to Agent (or any sub-agent thereof), the L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against Agent (or any such sub-agent) or the L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for Agent (or any such sub-agent) or L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.11(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of Agent and the L/C Issuer, the replacement of any Lender, the termination of the Aggregate Revolving Loan Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of Borrower is made to Agent, the L/C Issuer or any Lender, or Agent, the L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent, the L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer severally agrees to pay to Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Agent, the L/C Issuer and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of Agent and, so long as no Event of Default has occurred and is continuing, Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender or an Affiliate of a Lender;

(B) the consent of Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender or an Affiliate of such Lender with respect to such Lender; and

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding).

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to Agent an Assignment and Assumption, together with a processing and recordation fee in the amount, if any, required as set forth in Schedule 10.06; provided, however, that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to Agent an Administrative Questionnaire. The Agent shall deliver a copy of such Assignment and Assumption to the Borrower, in accordance with Section 10.02.

(v) No Assignment to Borrower. No such assignment shall be made to Borrower or any of Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from

its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, Borrower (at its expense) shall execute and deliver a Note to the assignee Lender and (to the extent the assigning Lender continues to hold any portion of the Commitments being assigned) to the assigning Lender in exchange for the Note, if any, previously issued to the assigning Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. Agent, acting solely for this purpose as an agent of Borrower, shall maintain at the Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, Borrower or Agent, sell participations to any Person (other than a natural person or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, Agent, the L/C Issuer and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also

shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.12 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Borrower's prior written consent.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Deemed Consent of Borrower. If the consent of Borrower to an assignment to an Eligible Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment threshold specified in Section 10.06(b)(i)(B)), Borrower shall be deemed to have given its consent five Business Days after the date notice thereof has been delivered to Borrower by the assigning Lender (through Agent) unless such consent is expressly refused by Borrower prior to such fifth Business Day.

(i) Resignation as L/C Issuer. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, upon 30 days' notice to Borrower and the Lenders, resign as L/C Issuer. In the event of any such resignation as L/C Issuer, Borrower shall be entitled to appoint from among Lenders a successor L/C Issuer hereunder; provided, however, that no failure by Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer. If Bank of America resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect

thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). Upon the appointment of a successor L/C Issuer, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of Agent, Lenders and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and that the party disclosing Information to such Person shall remain liable for any direct damages arising out of any such unauthorized disclosure by any such Person), (b) to the extent requested by any regulatory authority, purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (after prior notice to Borrower to the extent reasonably practicable and not prohibited by applicable law), (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and its obligations, (g) with the consent of Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than Borrower. For purposes of this Section, "Information" means all information received from Borrower or any Subsidiary relating to Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to Agent, any Lender or the L/C Issuer on a nonconfidential basis prior to disclosure by Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised reasonable care to maintain the confidentiality of such Information. Each of Agent, the Lenders and the L/C Issuer acknowledges that (a) the Information may include material non-public information concerning Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it

will handle such material non-public information in accordance with applicable Law, including applicable Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of Borrower or any other Loan Party against any and all of the obligations of Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer or any such Affiliate, irrespective of whether or not such Lender or the L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify Borrower and Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to Borrower. In determining whether the interest contracted for, charged, or received by Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by Borrower and Agent and when Agent

shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by Agent and each Lender, regardless of any investigation made by Agent or any Lender or on their behalf and notwithstanding that Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.13 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW JERSEY.

(b) SUBMISSION TO JURISDICTION. BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW JERSEY AND OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW JERSEY STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES

HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT AGENT, ANY LENDER OR THE L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

10.14 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.15 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, Borrower and each other Loan Party

acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between Borrower, each other Loan Party and their respective Affiliates, on the one hand, and Agent, on the other hand, and Borrower and each other Loan Party is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, Agent is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for Borrower, any other Loan Party or any of their respective Affiliates, stockholders, creditors or employees or any other Person; (iii) Agent has not assumed and will not assume an advisory, agency or fiduciary responsibility in favor of Borrower or any other Loan Party with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether Agent has advised or is currently advising Borrower, any other Loan Party or any of their respective Affiliates on other matters) and Agent has no obligation to Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) Agent and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower, the other Loan Parties and their respective Affiliates, and Agent has no obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) Agent has not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of Borrower and the other Loan Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against Agent with respect to any breach or alleged breach of agency or fiduciary duty.

10.16 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and Agent (for itself and not on behalf of any Lender) hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow such Lender or Agent, as applicable, to identify Borrower in accordance with the Act.

10.17 Time of the Essence. Time is of the essence of the Loan Documents.

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

MISTRAS GROUP, INC.

By: /s/ Sotirious J. Vahaviolos
Name: Sotirious J. Vahaviolos
Title: Chief Executive Officer

BANK OF AMERICA, N.A., as Agent

By: /s/ Matthew Correia
Name: Matthew Correia
Title: Vice President

BANK OF AMERICA, N.A., as a Lender, Co- Lead Bookrunner and L/C Issuer

By: /s/ William T. Franey
Name: William T. Franey
Title: Vice President

JPMORGAN CHASE BANK, N.A. as a Lender and Co-Lead Bookrunner

By: /s/ Lawrence Nermile
Name: Lawrence Nermile
Title: Vice President

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") is dated as of the 14th day of December, 2007 and is by and among MISTRAS GROUP, INC. (formerly known as Mistras Holdings Corp.), a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., as Agent, Co-Lead Bookrunner and L/C Issuer (the "Agent"), JPMORGAN CHASE BANK, N.A., as Co-Lead Bookrunner ("JPMorgan Chase") and each lender from time to time party hereto (collectively, "Lenders" and individually, a "Lender").

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent, JPMorgan Chase and the Lenders, are parties to that certain Amended and Restated Credit Agreement dated as of April 23, 2007, effective as of October 31, 2006 (the "Credit Agreement"); and

WHEREAS, the Borrower has requested the Agent and Lenders to make certain amendments to the Credit Agreement as more fully described herein, and the Agent and Lenders have agreed to do so on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise indicated herein, all words and terms defined in the Credit Agreement shall have the same meanings when used herein.

2. Amendment to Credit Agreement. The following definition appearing in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"Funded Debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities, including current and long term liabilities, but excluding the capital lease between the Borrower and Sotirios Vahaviolos relating to the Borrower's occupancy of the premises located at 195 Clarksville Road, Princeton Junction, New Jersey.

3. Representations and Warranties. In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, the Borrower hereby represents and warrants to the Agent and the Lenders that:

(a) All of the representations and warranties of the Borrower set forth in the Credit Agreement and the Loan Documents are true, complete and correct in all material respects on and as of the date hereof with the same force and effect as if made on and as of the date hereof and as if set forth at length herein.

(b) No Default or Event of Default presently exists and is continuing on and as of the date hereof.

(c) Since the date of the Borrower's most recent financial statements delivered to the Agent, other than as may be related to the Lease, no material adverse change has occurred in the business, assets, liabilities, financial condition or results of operations of the Borrower, and no event has occurred or failed to occur which has had a material adverse effect on the business, assets, liabilities, financial condition or results of operations of the Borrower.

(d) The Borrower has full power and authority to execute, deliver and perform any action or step which may be necessary to carry out the terms of this Agreement and all other documents executed in connection herewith (the "Amendment Documents"); each Amendment Document to which the Borrower is a party has been duly executed and delivered by the Borrower and is the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, general equity principles or other similar laws affecting the enforcement of creditors' rights generally.

(e) The execution, delivery and performance of the Amendment Documents by the Borrower will not (i) violate any provision of any existing law, statute, rule, regulation or ordinance, (ii) conflict with, result in a breach of, or constitute a default under (A) the certificate of incorporation or by-laws of the Borrower, (B) any order, judgment, award or decree of any court, governmental authority, bureau or agency, or (C) any mortgage, indenture, lease, contract or other agreement or undertaking to which the Borrower is a party or by which the Borrower or any of its properties or assets may be bound, or (iii) result in the creation or imposition of any lien or other encumbrance upon or with respect to any property or asset now owned or hereafter acquired by the Borrower, other than Liens in favor of the Lenders.

(f) No consent, license, permit, approval or authorization of, exemption by, notice to, report to, or registration, filing or declaration with any person is required in connection with the execution, delivery, performance or validity of the Amendment Documents or the transactions contemplated thereby.

4. No Defenses. The Borrower acknowledges that, as of November 14, 2007, the outstanding principal balance of the Substitute Revolving Credit Note in favor of Bank of America, N.A. was $9,314.90, the outstanding principal balance of the Substitute Revolving Credit Note in favor of JPMorgan Chase was $9,314.90, the outstanding principal balance of the Substitute Term Note in favor of Bank of America, N.A was $11,875,000.00, and the outstanding principal balance of the Substitute Term Note in favor of JPMorgan Chase was $11,875,000.00. The Borrower acknowledges and agrees that as of the date hereof it has no defenses, offsets or counterclaims to its Obligations to the Agent and/or the Lenders under the Credit Agreement or any other Loan Document and hereby

waives and releases all claims against the Agent and Lenders with respect to the Obligations and the documents evidencing or securing the same.

5. Agent and Lender Costs. The Borrower shall reimburse the Agent and Lenders on demand for all costs, including legal fees and expenses incurred in connection with this Agreement and the other Amendment Documents. The Borrower irrevocably authorizes the Agent to charge the Borrower's Master Account for the amount of such fees and expenses.

6. No Change. Except as expressly set forth herein, all of the terms and provisions of the Credit Agreement shall continue in full force and effect.

7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

8. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned have caused their duly authorized representatives to execute and deliver this Agreement as of the day and year first above written.

MISTRAS GROUP, INC.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Chief Financial Officer

BANK OF AMERICA, N.A., as Agent

By: /s/ Matthew Correia
Name: Matthew Correia
Title: Vice President

BANK OF AMERICA, N.A., as a Lender, Co-Lead Bookrunner and L/C Issuer

By: /s/ William T. Franey
Name: William T. Franey
Title: Vice President

JPMORGAN CHASE BANK, N.A. as a Lender and
Co-Lead Bookrunner

By: /s/ Susan M. Graham
Name: Susan M. Graham
Title: Vice President

REAFFIRMATION

IN WITNESS WHEREOF, each of the undersigned hereby ratifies and reaffirms any and all Loan Documents to which it is party, which shall continue in full force and effect, giving effect to this Agreement, and in each such document the term "Credit Agreement" shall be deemed to refer to the Credit Agreement, as amended by this Agreement.

MISTRAS GROUP, INC.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Chief Financial Officer and Secretary

QUALITY SERVICES LABORATORIES, INC.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Treasurer and Secretary

CONAM INSPECTION & ENGINEERING SERVICES, INC.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Treasurer and Secretary

PHYSICAL ACOUSTICS CORPORATION

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Treasurer and Secretary

CISMIS SPRINGFIELD CORP.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Treasurer and Secretary

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") is dated as of the 30th day of May, 2008 and is by and among MISTRAS GROUP, INC. (formerly known as Mistras Holdings Corp.), a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., as Agent, Co-Lead Bookrunner and L/C Issuer (the "Agent"), JPMORGAN CHASE BANK, N.A., as Co-Lead Bookrunner ("JPMorgan Chase") and each lender from time to time party hereto (collectively, "Lenders" and individually, a "Lender").

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent, JPMorgan Chase and the Lenders, are parties to that certain Amended and Restated Credit Agreement dated as of April 23, 2007, effective as of October 31, 2006, as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of December 14, 2007 (collectively, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Lenders temporarily increase the Aggregate Revolving Loan Commitments from $15,000,000 to $20,000,000.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise indicated herein, all words and terms defined in the Credit Agreement shall have the same meanings when used herein.

2. Amendment to Credit Agreement. Schedule 2.01 to the Credit Agreement is hereby deleted in its entirety and replaced with the revised Schedule 2.01 attached hereto.

3. Substitute Revolving Notes. Concurrently herewith: (1) the Borrower is executing and delivering to the Lenders Substitute Revolving Notes, each in the maximum principal amount of $10,000,000 (the "Revolving Notes"), subject to reduction to $7,500,000 upon the terms and conditions set forth in the Revolving Notes, in substitution for, but not in repayment of, the Substitute Revolving Notes dated April 23, 2007, each in the maximum principal amount of $7,500,000, previously issued by the Borrower to the Lenders (the "Prior Notes"), and (2) the Lenders are delivering to the Borrower the Prior Notes, marked cancelled. The execution and delivery by the Borrower of the Revolving Notes pursuant to the provisions hereof shall not constitute a refinancing, repayment, accord and satisfaction or novation of the Prior Notes or the indebtedness evidenced thereby.

4. Representations and Warranties. In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, the Borrower hereby represents and warrants to the Agent and the Lenders that:

(a) All of the representations and warranties of the Borrower set forth in the Credit Agreement and the Loan Documents are true, complete and correct in all

material respects on and as of the date hereof with the same force and effect as if made on and as of the date hereof and as if set forth at length herein.

(b) No Default or Event of Default presently exists and is continuing on and as of the date hereof and no Default or Event of Default will be caused by or result from the closing of the Acquisition Loan, the funding of the Acquisition Loan or the consummation of the transactions contemplated under the Acquisition Loan.

(c) Since the date of the Borrower's most recent financial statements delivered to the Agent, no material adverse change has occurred in the business, assets, liabilities, financial condition or results of operations of the Borrower, and no event has occurred or failed to occur which has had a material adverse effect on the business, assets, liabilities, financial condition or results of operations of the Borrower.

(d) The Borrower has full power and authority to execute, deliver and perform any action or step which may be necessary to carry out the terms of this Agreement and all other documents executed in connection herewith (this Agreement and all such other documents are collectively referred to herein as the "Amendment Documents"); each Amendment Document to which the Borrower is a party has been duly executed and delivered by the Borrower and is the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, general equity principles or other similar laws affecting the enforcement of creditors' rights generally.

(e) The execution, delivery and performance of the Amendment Documents by the Borrower will not (i) violate any provision of any existing law, statute, rule, regulation or ordinance, (ii) conflict with, result in a breach of, or constitute a default under (A) the certificate of incorporation or by-laws of the Borrower, (B) any order, judgment, award or decree of any court, governmental authority, bureau or agency, or (C) any mortgage, indenture, lease, contract or other agreement or undertaking to which the Borrower is a party or by which the Borrower or any of its properties or assets may be bound, or (iii) result in the creation or imposition of any lien or other encumbrance upon or with respect to any property or asset now owned or hereafter acquired by the Borrower, other than Liens in favor of the Lenders.

(f) No consent, license, permit, approval or authorization of, exemption by, notice to, report to, or registration, filing or declaration with any person is required in connection with the execution, delivery, performance or validity of the Amendment Documents or the transactions contemplated thereby.

5. No Defenses. The Borrower acknowledges that, as of May 21, 2008, the outstanding principal balance of the Substitute Revolving Note in favor of Bank of America, N.A. dated as of April 23, 2007 was $6,908,455.60, the outstanding principal balance of the Substitute Revolving Note in favor of JPMorgan Chase dated as of April 23, 2007 was $6,908,455.60, the outstanding principal balance of the Substitute Term Note in favor of Bank of America, N.A dated as of April 23, 2007 was $11,250,000.00, and the outstanding principal balance of the Substitute Term Note in favor of JPMorgan Chase dated as of April 23, 2007 was $11,250,000.00. The Borrower acknowledges and agrees that as of the date hereof it has no defenses, offsets or counterclaims to its

Obligations to the Agent and/or the Lenders under the Credit Agreement or any other Loan Document and hereby waives and releases all claims against the Agent and Lenders with respect to the Obligations and the documents evidencing or securing the same.

6. Agent and Lender Costs. The Borrower shall reimburse the Agent and Lenders on demand for all costs incurred in connection with this transaction, including but not limited to legal, searches, filings and other expenses incurred in connection with this Agreement and the other Amendment Documents, whether or not the transactions contemplated under this Agreement are completed. The Borrower irrevocably authorizes the Agent to charge the Borrower's Master Account for the amount of such fees and expenses.

7. No Change. Except as expressly set forth herein, all of the terms and provisions of the Credit Agreement shall continue in full force and effect.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

9. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned have caused their duly authorized representatives to execute and deliver this Agreement as of the day and year first above written.

MISTRAS GROUP, INC.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Chief Financial Officer

BANK OF AMERICA, N.A., as Agent

By: /s/ William T. Franey
Name: William T. Franey
Title: Vice President

BANK OF AMERICA, N.A., as a Lender,
Co-Lead Bookrunner and L/C Issuer

By: /s/ William T. Franey
Name: William T. Franey
Title: Vice President

JPMORGAN CHASE BANK, N.A. as a Lender and Co-Lead Bookrunner
By: /s/ Susan M. Graham
Name: Susan M. Graham
Title: Vice President

THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") is dated as of the 1st day of July, 2008 and is by and among MISTRAS GROUP, INC. (formerly known as Mistras Holdings Corp.), a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., as Agent, Co-Lead Bookrunner and L/C Issuer (the "Agent"), JPMORGAN CHASE BANK, N.A., as Co-Lead Bookrunner ("JPMorgan Chase") and each lender from time to time party hereto (collectively, "Lenders" and individually, a "Lender").

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent, JPMorgan Chase and the Lenders, are parties to that certain Amended and Restated Credit Agreement dated as of April 23, 2007, effective as of October 31, 2006, as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of December 14, 2007 and that certain Second Amendment to Amended and Restated Credit Agreement, dated as of May 30, 2008 (collectively, the "Credit Agreement"); and

WHEREAS, the Borrower has requested the Lenders to make a new term loan to the Borrower in the original principal amount of $20,000,000 under and as part of the Credit Agreement, to be used to fund and/or to reimburse the Borrower for costs relating to the acquisition of (i) certain assets of Inspection Technologies Inc. ("iTi"), H&G Inspection Company ("H&G"), Gonzalez Industrial X-ray, Inc. ("Gonzalez) and South Bay Inspection, Inc. ("South Bay", and collectively with iTi, H&G and Gonzalez, the "2008 Asset Sellers"); (ii) the outstanding equity securities of 508732 Alberta Ltd., Boss Holdings Inc. and 1113090 Alberta Ltd., which together own all of the outstanding equity securities of Nomad Inspection Services Ltd. ("Nomad"); and (iii) certain yet-to-be-determined additional assets and/or equity securities.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise indicated herein, all words and terms defined in the Credit Agreement shall have the same meanings when used herein.

2. Amendments to Credit Agreement.

(a) The recital of the Credit Agreement is hereby amended to read, in its entirety, as follows:

Borrower has requested that Lenders provide a revolving credit facility, a term loan, and an acquisition loan, and Lenders are willing to do so on the terms and conditions set forth herein. In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

(b) The following definitions are hereby added to, and inserted alphabetically in, Section 1.01 of the Credit Agreement:

"Acquisition Loan" has the meaning specified in Section 2.01(c).

"Acquisition Loan Closing Date" means July 1, 2008.

"Acquisition Loan Commitment" means, as to each Lender, the amount set forth opposite such Lender's name on the portion of Schedule 2.01 describing the Acquisition Loan or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Acquisition Note" means a promissory note made by Borrower in favor of a Lender evidencing the Lender's Applicable Percentage of the Acquisition Loan, substantially in the form of Exhibit G.

"Aggregate Acquisition Loan Commitments" means the Acquisition Loan Commitments of all Lenders.

"Nomad" means Nomad Inspection Services Ltd.

"Nomad Shareholders" means, at any time, the entity or entities that collectively own and control one hundred (100%) percent of the outstanding equity securities of Nomad.

"2008 Asset Sellers" means, collectively, Inspection Technologies Inc., H&G Inspection Company, Gonzalez Industrial X-ray, Inc. and South Bay Inspection, Inc.

(c) Each of the following definitions set forth in Section 1.01 of the Credit Agreement is hereby amended to read, in its entirety, as follows:

"Aggregate Commitments" means, collectively, the Aggregate Revolving Loan Commitments, the Aggregate Term Loan Commitments and the Aggregate Acquisition Loan Commitments.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of (i) the Aggregate Revolving Loan Commitments represented by such Lender's Revolving Loan Commitment at such time; (ii) the Aggregate Term Loan Commitments represented by such Lender's Term Loan Commitment at such time and (iii) the Aggregate Acquisition Loan Commitments represented by such Lender's Acquisition Loan Commitment at such time. If the commitment of each Lender to make Revolving Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Revolving Loan

Commitments have expired, then the Applicable Percentage of each Lender with respect to the Revolving Loans shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Rate" means, from time to time, the following percentages per annum, based upon the ratio of Funded Debt to EBITDA (the "Financial Covenant") as set forth in the most recent Compliance Certificate received by Agent pursuant to Section 6.02(b):

Applicable Rate

Pricing Level	Funded Debt : EBITDA	Base Rate +/-	Eurodollar Rate +/-
1	<1.76:1	-.75%	+1.50%
2	³1.76:1 but <2.51:1	-.25%	+2.00%
3	³2.51:1	+.00%	+2.25%

Any increase or decrease in the Applicable Rate resulting from a change in the Financial Covenant shall become effective as of the first Business Day of the month immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 3 shall apply as of the first Business Day of the month following the date such Compliance Certificate was required to have been delivered until the first Business Day of the month immediately following the delivery of such Compliance Certificate. The Applicable Rate in effect from the Acquisition Loan Closing Date until receipt of the Compliance Certificate for the period ended August 31, 2008 shall be determined based upon the Pricing Level in effect as of the date hereof.

"Commitment" means, as to each Lender, its Revolving Loan Commitment, its Term Loan Commitment and its Acquisition Loan Commitment.

"Committed Loan" means the Term Loan (or any portion thereof made by a Lender), a Revolving Loan (or any portion thereof made by a Lender) or the Acquisition Loan (or any portion thereof made by a Lender).

"Debt Service Coverage Ratio" means the ratio of Fixed Charge Cash Flow to the sum of the current portion of long-term liabilities (which shall include any conditional payments, including payments due under any earn-out agreements, deemed due and owing in the next 12-month period)

and the current portion of capitalized lease obligations, plus interest expense on all obligations.

"EBITDA" means net income, less income or plus loss from discontinued operations and extraordinary items, plus income taxes, plus interest expense, plus depreciation, depletion, and amortization (including non-cash loss on retirement of assets), plus stock option expense, less cash expense related to stock options and adjusted for certain historical expenses, accounting adjustments, and other non-cash charges, all in the Required Lenders' sole discretion. With respect to each acquisition by the Borrower or any of its Subsidiaries of substantially all of the assets or equity securities of another company, other than the acquisitions relating to the 2008 Asset Sellers and the Nomad Shareholders, (i) for purposes of determining compliance by the Borrower with Section 6.12 of this Agreement, the consolidated EBITDA of the Borrower and its Subsidiaries shall not include the EBITDA of the company that is the subject of such acquisition to the extent attributable to periods prior to the date of such acquisition and (ii) for purposes of determining the Applicable Rate, the consolidated EBITDA of the Borrower and its Subsidiaries shall include the historical EBITDA of the company that is the subject of such acquisition during the applicable 12-month reporting period, whether or not the acquired company was owned by the Borrower or any of its Subsidiaries during the entire period in question. With respect to the 2008 Asset Sellers and the Nomad Shareholders, for purposes of determining compliance by the Borrower with Section 6.12 of this Agreement and for purposes of determining the Applicable Rate, the consolidated EBITDA of the Borrower and its Subsidiaries shall include the following amounts for the following periods, which amounts represent the Agent's determination of the aggregate historical EBITDA of all of such acquisitions:

June 1, 2008 — August 31, 2008	$2,500,000
September 1, 2008 — November 30, 2008	$1,675,000
December 1, 2008 — February 28, 2009	$ 837,500
March 1, 2009 and thereafter	$ 0

Notwithstanding the foregoing, in the event that the purchase of the outstanding equity securities of the Nomad Shareholders has not closed prior to July 31, 2008, the Agent shall, in its sole discretion, determine the appropriate add-backs to the consolidated EBITDA of the Borrower and its Subsidiaries, which shall include the Agent's determination of aggregate historical EBITDA of the 2008 Asset Sellers but shall not include the aggregate historical EBITDA of the Nomad Shareholders.

"Loan" means an extension of credit by a Lender to Borrower under Article II in the form of a Revolving Loan or the Term Loan or the Acquisition Loan.

"Note" means a Revolving Note, a Term Note or an Acquisition Note.

"Required Lenders" means, as of any date of determination, Lenders having more than 50% of the sum of the Revolving Loan Commitments and the outstanding principal balance of the Term Loans and the Acquisition Loan (taken as a whole) or, if the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than 50% of the total outstanding Loans (with the aggregate amount of each Lender's risk participation and funded participation in L/C Obligations being deemed "held" by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the total outstanding Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

(d) The definition of "Change of Control" set forth in Section 1.01 of the Credit Agreement is hereby amended by adding the following provision at the end thereof:

Notwithstanding the foregoing, however, if any of the events or series of events as set forth in subsections (a), (b), (c) or (d) above occurs solely as a result of the public offering of the Borrower's common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, such event or series of events shall not be deemed a "Change of Control" for purposes of this Agreement.

(e) Section 2.01 of the Credit Agreement is hereby amended by adding the following provision after subsection (b):

(c) Acquisition Loan. (i) Subject to the terms and conditions set forth herein, each Lender severally agrees to make a term loan (collectively, the "Acquisition Loan") to Borrower in an amount equal to the amount of such Lender's Acquisition Loan Commitment. The Borrower shall execute and deliver to each such Lender one or more Acquisition Notes to evidence the Acquisition Loan. The Acquisition Loan shall be a Eurodollar Rate Loan, as further provided herein. Once repaid or prepaid, the Acquisition Loan may not be re-borrowed.

(ii) The Acquisition Loan shall be disbursed in no more than two (2) installments. On the Acquisition Loan Closing Date, the Borrower shall have the right to request, and each Lender shall fund, the first installment of the Acquisition Loan in an amount not to exceed such Lender's Acquisition Loan Commitment (collectively, the "First Acquisition Draw"). At any time within ninety (90) days after the Acquisition Loan Closing Date, the Borrower shall have the right to request, and each Lender shall fund, a second installment of the

Acquisition Loan in an amount not to exceed (A) such Lender's Acquisition Loan Commitment minus (B) such Lender' share of the First Acquisition Draw (collectively, the "Second Acquisition Draw"). The Borrower shall have no right to request, and the Lenders shall have no obligation to fund, any installments of the Acquisition Loan other than the First Acquisition Draw and the Second Acquisition Draw as described above. To the extent that the aggregate amount of the First Acquisition Draw and the Second Acquisition Draw is less than $20,000,000, or in the event that the Borrower has not requested the Second Acquisition Draw prior to the expiration of the 90-day period referred to above, the Borrower shall be deemed to have automatically and irrevocably waived any right to request or receive any more funds from the Acquisition Loan.

(f) Section 2.03(a)(i) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

(a)(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the L/C Expiration Date, to issue Letters of Credit for the account of Borrower, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of Borrower and any drawings thereunder; provided that the Lenders shall have no obligation to issue a Letter of Credit unless after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Revolving Loan Outstandings shall not exceed the Aggregate Revolving Loan Commitments, (y) the aggregate Outstanding Revolving Loan Amount of all Revolving Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Revolving Loan Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Term Loan plus such Lender's Applicable Percentage of the Acquisition Loan shall not exceed such Lender's Commitment, and (z) the Outstanding Revolving Loan Amount of the L/C Obligations shall not exceed the L/C Sublimit. Each request by Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(g) Section 2.04 of the Credit Agreement is hereby amended by adding the following provisions after subsection (b):

(c) Commencing on July 27, 2008 and on the 27th day of each and every calendar month thereafter, the Acquisition Loan shall be paid in equal consecutive monthly installments of principal in the amount of $277,777.78 each month based on a six year amortization schedule, together with all interest accrued thereon.

(h) Section 2.05(a) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

(a) Borrower may, upon notice to Agent, at any time or from time to time voluntarily prepay the Acquisition Loan, Term Loan or Revolving Loans in whole or in part without premium or penalty; provided that such notice must be received by Agent not later than 11:00 a.m. three Business Days prior to any date of prepayment of Eurodollar Rate Loans. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by Borrower, Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Committed Loans of Lenders in accordance with their respective Applicable Percentages.

(i) Section 2.05(d) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

(d) All prepayments under this Section 2.05 to the Term Loan or the Acquisition Loan shall be applied to installments due under the Term Loan or the Acquisition Loan, as applicable, in the inverse order of their maturity.

(j) Section 2.08 of the Credit Agreement is hereby amended by adding the following provisions after subsection (b):

(c) Facility Fee. On the Acquisition Loan Closing Date, Borrower shall pay to the Lenders, pro rata in accordance with the Lenders' respective Acquisition Loan Commitments, a facility fee in the amount of $120,000.

(d) Structuring Fee. On the Acquisition Loan Closing Date, Borrower shall pay solely to Agent a structuring fee in the amount set forth in that certain Summary of Terms and Conditions dated May 8, 2008. Such structuring fee shall be in addition to the portion of the facility fee paid to Agent in its capacity as Lender pursuant to Section 2.08(c).

(k) Section 6.11 of the Credit Agreement is hereby amended by adding the following sentence to the end of such section:

Notwithstanding the foregoing, the proceeds of the Acquisition Loan shall be applied only to fund and/or to reimburse the Borrower for costs relating to the acquisition of (i) the assets purchased from the 2008 Asset Sellers, (ii) the outstanding equity securities of the Nomad Shareholders and (iii) the assets and/or voting securities of certain other entities to be identified by the Borrower after the date hereof.

(l) Section 6.12(a) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

(a) EBITDA. Maintain on a consolidated basis EBITDA of not less than the following amounts calculated for the 12-month periods ending on the following dates:

Fiscal Year	Minimum Annual EBITDA
2008	$21,000,000
2009	$29,000,000
2010	$30,000,000
2011	$32,400,000
2012	$33,000,000

(m) Section 7.02(f) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

(f) Investments in (i) the acquisitions of certain of the assets of the 2008 Asset Sellers and of the equity securities of the Nomad Shareholders and (ii) other acquisition(s) of assets and/or equity securities provided that, with respect to such other acquisition(s) all of the following conditions are satisfied: (A) the cash portion (paid at closing and in the first 12 months thereafter) of the purchase price shall not exceed $7,000,000 in the aggregate in any 12-month period, (B) there shall not be more than two such other acquisitions in any 12-month period where the cash portion of the purchase price (paid at closing and in the first 12 months thereafter) exceeds $3,000,000, (C) immediately following each such other acquisition, the amount by which the Aggregate Revolving Loan Commitments exceed the Total Revolving Loan Outstandings shall

not be less than $5,000,000, (D) the acquired entity is in a line of business substantially similar to the business conducted by Borrower or its Subsidiaries, and (E) pro-forma compliance with the financial covenants contained in Section 6.12 can be evidenced by Borrower to the reasonable satisfaction of Agent and Required Lenders; provided, however, that in all such instances notice of such other acquisition shall be delivered to the Agent no later than 15 days prior to the date of the closing of such other acquisition, and all material acquisition documents shall promptly be delivered to the Agent upon the Agent's request; and

(n) Section 7.06 of the Credit Agreement is hereby further amended by adding the following new subsection (e) after subsection (d):

(e) Borrower may issue or sell its common stock in connection with a public offering pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, provided that the terms and conditions of such offering are reasonably acceptable to the Agent and the Lenders in all respects.

(o) Schedule 2.01 to the Credit Agreement is hereby deleted in its entirety and replaced with the revised Schedule 2.01 attached hereto.

(p) Schedule 10.02 to the Credit Agreement is hereby deleted in its entirety and replaced with the revised Schedule 10.02 attached hereto.

(q) Exhibit G attached hereto is hereby added to the Credit Agreement as Exhibit G thereto.

3. Reaffirmation of Amended and Restated Guaranty. In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, concurrently herewith, each of Quality Services Laboratories, Inc., CONAM Inspection & Engineering Services, Inc., Physical Acoustics Corporation and CISMIS Springfield Corp. has executed and delivered to the Agent a Reaffirmation of Amended and Restated Guaranty.

4. Amendment to Loan Documents.

(a) In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, concurrently herewith, the Borrower has executed and delivered or caused to be executed and delivered to the Agent, the following amendments to Loan Documents:

(i) First Amendment to Amended and Restated Security Agreement;

(ii) First Amendment to Trademark and Patent Security Agreement;

(iii) First Amendment to Amended and Restated Pledge Agreement; and

(iv) Second Amendment to Subordination Agreement.

(b) In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, immediately after the consummation of the purchase by the Borrower, or any direct or indirect Subsidiary of the Borrower (the "Nomad Purchaser"), of the outstanding equity securities of the Nomad Shareholders, Borrower shall cause the Nomad Purchaser to (i) notify the Agent thereof in writing; (ii) execute and deliver to the Agent a Stock Pledge Agreement, in form and substance acceptable to the Agent, pursuant to which the Nomad Purchaser pledges to the Agent sixty-five (65%) percent of the outstanding equity securities of each of the Nomad Shareholders and (iii) cause to be delivered to Agent an opinion of counsel to the Nomad Purchaser. The Borrower has informed the Agent that, immediately after the purchase by the Nomad Purchaser of the outstanding equity securities of the Nomad Shareholders, the Borrower currently intends to amalgamate (the "Amalgamation") the Nomad Purchaser, the Nomad Shareholders and Nomad into one legal entity (the "Amalgamated Entity"). The Borrower shall deliver to the Agent full copies of all of the documents effectuating the Amalgamation. In the event that the Amalgamation is consummated, the Stock Pledge Agreement referred to in this subparagraph 4(b) shall be delivered by the Subsidiary or Subsidiaries of the Borrower that, following the Amalgamation, collectively own and control one hundred (100%) percent of the outstanding equity securities of the Amalgamated Entity.

5. Subordinated Target Notes; Subordination Agreement.

(a) (i) In connection with the purchase of the assets from the 2008 Asset Sellers, CONAM has delivered to the applicable 2008 Asset Sellers unsecured subordinated promissory notes (each, a "Subordinated Target Note") in payment of a portion of the purchase price for the assets being acquired from each 2008 Asset Seller by the Borrower or a Subsidiary. Payments under the Subordinated Target Notes are subordinated and made subject in all respects to any and all Notes from the Borrower in favor of the Agent or the Lenders and any and all rights of the Agent or the Lenders thereunder to the extent provided in the terms and conditions of each such applicable Subordinated Target Note.

(ii) The Borrower covenants that, notwithstanding Section 3 of each of the Subordinated Target Notes, neither the Borrower nor CONAM shall prepay, or permit or suffer the prepayment by CONAM, of any amounts under any of the Subordinated Target Notes, other than monthly installments due and owing in accordance with Section 1 thereof, without the prior written consent of the Agent, which may be withheld for any reason or no reason, and the Borrower agrees and acknowledges that any such prepayment shall result in an Event of Default.

(iii) The Borrower covenants that, notwithstanding the provisions of each of the Subordinated Target Notes, neither the Borrower nor CONAM shall agree to amend any of the Subordinated Target Notes without the prior written consent of the Agent, which may be withheld for any reason or no reason, and the Borrower agrees and acknowledges that any such amendment shall result in an Event of Default.

(b) In connection with the purchase of the outstanding equity securities of the Nomad Shareholders, the Nomad Purchaser or the Amalgamated Entity, as applicable, intends to

deliver to each of (i) John Dyer; (ii) Harry Boss and Maxine Boss; and (iii) Michael Smith and Vonda Todd (collectively, the "Nomad Noteholders"), an unsecured subordinated promissory note (collectively, the "Nomad Notes") in payment of a portion of the purchase price for the outstanding equity interests being acquired from the Nomad Noteholders by the Nomad Purchaser. In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, the Nomad Purchaser or the Amalgamated Entity, as applicable, shall execute and deliver to the Agent, and shall cause each of the Nomad Noteholders to execute and deliver to the Agent, upon closing of the Nomad Purchaser's purchase of the Nomad Noteholders' outstanding equity securities, a subordination agreement in form and substance reasonably acceptable to the Agent, pursuant to which the Nomad Notes, and all rights of the Nomad Noteholders thereunder, are unconditionally and without limitation subordinated and made subject in all respects to any and all Notes from the Borrower in favor of the Agent or the Lenders and any and all rights of the Agent or the Lenders thereunder.

6. Representations and Warranties. In order to induce the Agent and the Lenders to enter into this Agreement and amend the Credit Agreement as provided herein, the Borrower hereby represents and warrants to the Agent and the Lenders that:

(a) All of the representations and warranties of the Borrower set forth in the Credit Agreement and the Loan Documents are true, complete and correct in all material respects on and as of the date hereof with the same force and effect as if made on and as of the date hereof and as if set forth at length herein.

(b) No Default or Event of Default presently exists and is continuing on and as of the date hereof and no Default or Event of Default will be caused by or result from the closing of the Acquisition Loan, the funding of the Acquisition Loan or the consummation of the transactions contemplated under the Acquisition Loan.

(c) Since the date of the Borrower's most recent financial statements delivered to the Agent, no material adverse change has occurred in the business, assets, liabilities, financial condition or results of operations of the Borrower, and no event has occurred or failed to occur which has had a material adverse effect on the business, assets, liabilities, financial condition or results of operations of the Borrower.

(d) With respect to each purchase transaction between the Borrower and each of the 2008 Asset Sellers, as of the date hereof:

(i) Such purchase transaction has closed and all assets purchased thereunder have been delivered to the Borrower;

(ii) All conditions to such closing set forth in the applicable purchase agreement have been satisfied in full;

(iii) There are no liens or encumbrances on the purchased assets, other than those created pursuant to this Agreement and the other Loan Documents;

(iv) There exist no disputes between the Borrower and any such 2008 Asset Seller; and

(v) The Subordinated Target Notes are unsecured.

(e) The Borrower has full power and authority to execute, deliver and perform any action or step which may be necessary to carry out the terms of this Agreement and all other documents executed in connection herewith (this Agreement and all such other documents are collectively referred to herein as the "Amendment Documents"); each Amendment Document to which the Borrower is a party has been duly executed and delivered by the Borrower and is the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, general equity principles or other similar laws affecting the enforcement of creditors' rights generally.

(f) The execution, delivery and performance of the Amendment Documents by the Borrower will not (i) violate any provision of any existing law, statute, rule, regulation or ordinance, (ii) conflict with, result in a breach of, or constitute a default under (A) the certificate of incorporation or by-laws of the Borrower, (B) any order, judgment, award or decree of any court, governmental authority, bureau or agency, or (C) any mortgage, indenture, lease, contract or other agreement or undertaking to which the Borrower is a party or by which the Borrower or any of its properties or assets may be bound, or (iii) result in the creation or imposition of any lien or other encumbrance upon or with respect to any property or asset now owned or hereafter acquired by the Borrower, other than Liens in favor of the Lenders.

(g) No consent, license, permit, approval or authorization of, exemption by, notice to, report to, or registration, filing or declaration with any person is required in connection with the execution, delivery, performance or validity of the Amendment Documents or the transactions contemplated thereby.

7. No Defenses. The Borrower acknowledges that, as of June 26, 2008, the outstanding principal balance of the Substitute Revolving Note in favor of Bank of America, N.A. dated as of May 30, 2008 was $5,807,500.00 , the outstanding principal balance of the Substitute Revolving Note in favor of JPMorgan Chase dated as of May 30, 2008 was $5,807,500.00 , the outstanding principal balance of the Substitute Term Note in favor of Bank of America, N.A dated as of April 23, 2007 was $11,250,000.00 , and the outstanding principal balance of the Substitute Term Note in favor of JPMorgan Chase dated as of April 23, 2007 was $11,250,000.00 The Borrower acknowledges and agrees that as of the date hereof it has no defenses, offsets or counterclaims to its Obligations to the Agent and/or the Lenders under the Credit Agreement or any other Loan Document and hereby waives and releases all claims against the Agent and Lenders with respect to the Obligations and the documents evidencing or securing the same.

8. Agent and Lender Costs. The Borrower shall reimburse the Agent and Lenders on demand for all costs incurred in connection with this transaction, including but not limited to legal, searches, filings and other expenses incurred in connection with this Agreement and the other Amendment Documents, whether or not the transactions contemplated under this Agreement are completed. The Borrower irrevocably authorizes the Agent to charge the Borrower's Master Account for the amount of such fees and expenses.

9. No Change. Except as expressly set forth herein, all of the terms and provisions of the Credit Agreement shall continue in full force and effect.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

11. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned have caused their duly authorized representatives to execute and deliver this Agreement as of the day and year first above written.

MISTRAS GROUP, INC.

By: /s/ Paul Peterik
Name: Paul Peterik
Title: Chief Financial Officer

BANK OF AMERICA, N.A., as Agent

By: /s/ William T. Franey
Name: William T. Franey
Title: Vice President

BANK OF AMERICA, N.A., as a Lender,
Co-Lead Bookrunner and L/C Issuer

By: /s/ William T. Franey
Name: William T. Franey
Title: Vice President

JPMORGAN CHASE BANK, N.A. as a Lender and Co-Lead Bookrunner

By: /s/ Susan M. Graham
Name: Susan M. Graham
Title: Vice President

Exhibit 10.4

EMPLOYMENT AGREEMENT

AGREEMENT made effective as of the 1st day of September, 2009, by and between MISTRAS GROUP INC., a Delaware corporation (the "Company") and SOTIRIOS J. VAHAVIOLOS ("Mr. Vahaviolos").

RECITALS:

WHEREAS, Mr. Vahaviolos is currently employed by the Company as the Chairman of its Board of Directors (the "Board") and its Chief Executive Officer; and

WHEREAS, the parties now desire to provide for the continuing employment of Mr. Vahaviolos by the Company upon the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Employment. The Company shall employ Mr. Vahaviolos and Mr. Vahaviolos shall be employed by the Company upon the terms and conditions set forth in this Agreement.

1.1 Term. The term of this Agreement (the "Term") will begin September 1, 2009 and continue through August 31, 2011. Thereafter, the Term will automatically renew for successive one-year periods unless either party gives notice of non-renewal to the other at least 90 days before the end of the initial term or then current renewal term, as the case may be.

1.2 Position and Duties. Mr. Vahaviolos shall serve as Executive Chairman of the Board and as the Chief Executive Officer of the Company, and will have the authority, duties and responsibilities customarily associated with such titles and positions, and such additional rights, powers, authority, functions, duties and responsibilities commensurate with such positions as the Board may assign to him from time to time. Mr. Vahaviolos will report directly to and be subject to the control and direction of the Board, consistent with his positions and applicable law. At the request of the Board, Mr. Vahaviolos shall serve as an officer and director of the Company's subsidiaries and other affiliates without additional compensation.

1.3 Full Time. Mr. Vahaviolos shall devote all of his business time, attention, knowledge and skills faithfully and to the best of his ability to the performance of the duties and responsibilities of his employment under this Agreement. It is understood that Mr. Vahaviolos may desire to serve as a member of or advisor to the board of directors or other governing body of one or more other corporations or business entities. Mr. Vahaviolos will be permitted to do so, subject to the prior written consent of the Board or the Compensation Committee of the Board (the "Compensation Committee"), which consent will not be unreasonably withheld. Mr. Vahaviolos may engage in

personal, charitable and passive investment activities, so long as such other activities do not conflict or interfere with his obligations to, or his ability to perform the duties and responsibilities of his employment with, the Company.

1.4 Company Policies. Mr. Vahaviolos will observe and adhere to all applicable written Company policies and procedures in effect from time to time, including, without limitation, policies on business ethics and conduct, and policies on the use of inside information and insider trading.

2. Compensation.

2.1 Base Salary. During the Term, the Company will pay a base salary ("Base Salary") to Mr. Vahaviolos at an initial annual rate of $345,000, in accordance with its regular payroll practices. The Board and/or the Compensation Committee will review Mr. Vahaviolos's Base Salary at least annually. The Board or the Compensation Committee, acting in its discretion, may increase (but may not decrease) Mr. Vahaviolos's Base Salary in effect at any time during the Term.

2.2 Short Term Incentive Awards. Mr. Vahaviolos will be eligible for an annual short term incentive award under the Company's short term or other annual incentive plan applicable to senior executives generally, with an annual target incentive opportunity equal to 75% of Mr. Vahaviolos's Base Salary (with actual bonus ranging from 0 to 150% of Base Salary, depending upon the extent to which the performance target is or is not attained). The performance criteria for the Company's annual incentive awards for any year will be established and communicated by the Company before or as soon as practicable after the beginning of the year. The short term incentive award, if any, earned by Mr. Vahaviolos for any year will be payable consistent with the payment of annual incentive compensation to senior executives generally.

2.3 Long Term Incentive Award. The Company will issue to Mr. Vahaviolos a one-time stock option award covering 150,000 shares of Company common stock at an exercise price per share of $175.00, which award will become vested in four equal annual increments beginning on the first anniversary of the date hereof, subject to Mr. Vahaviolos's continuing employment or other service with the Company through the applicable vesting date.

3. Benefits and Expenses.

3.1 General. Mr. Vahaviolos will be entitled to participate in such qualified and nonqualified employee pension plans, stock option or other equity or long term incentive compensation plans, group health, long term disability and group life insurance plans,

and any other welfare and fringe benefit plans, arrangements, programs and perquisites sponsored or maintained by the Company from time to time for the benefit of any other employee of the Company. Mr. Vahaviolos shall be entitled to four weeks' annual vacation, to be taken in accordance with the vacation policy of the Company applicable to its senior management generally.

3.2 Specific Items. Unless the Board determines otherwise, during the Term Mr. Vahaviolos will receive the additional benefits and perquisites described below.

(a) Home Office. The Company will provide such computer and other electronic equipment and services as are reasonably required in order to enable Mr. Vahaviolos to tend to the business of the Company outside of regular business hours and when he is otherwise away from the Company's offices.

(b) Life Insurance Coverage. The Company will pay the annual premium cost of a $1.5 million term life insurance policy on the life of Mr. Vahaviolos (which policy will be owned by Mr. Vahaviolos or his designee).

3.3 Conditions of Employment. Mr. Vahaviolos's place of employment will be at the Company's headquarters at Princeton Junction, New Jersey, subject to the need for business travel in connection with the performance of his duties. The conditions of Mr. Vahaviolos's employment, including, without limitation, office space and accoutrements, secretarial, administrative and other support, will be consistent with his status as the Executive Chairman of the Board and Chief Executive Officer. Mr. Vahaviolos will be entitled to first-class travel for business travel outside of the continental United States.

3.4 Reimbursement of Business Expenses. Mr. Vahaviolos is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement, and the Company will promptly reimburse him for all expenses that are so incurred upon presentation of appropriate vouchers or receipts, subject to the Company's expense reimbursement policies applicable to senior executive officers generally as in effect from time to time.

4. Termination of Employment Before End of Term.

4.1 Resignation. Mr. Vahaviolos may terminate his employment before the end of the Term upon 60 days prior written notice to the Company. Upon receipt of such notice, the Company, at its sole discretion, may relieve Mr. Vahaviolos of his active duties and may require Mr. Vahaviolos to use any accrued and unused paid time off, including vacation, during the notice period. The Company may also waive such notice, and/or set an earlier termination date upon receipt of such notice, in which event Mr. Vahaviolos's employment will terminate on the earlier termination date.

4.2 Termination by the Company for Cause. The Company may terminate Mr. Vahaviolos's employment at any time for "Cause" if Mr. Vahaviolos:

(a) is convicted of or pleads nolo contendre to a felony or is indicted for the commission of a felony against the Company that has a materially adverse effect on the Company's business;

(b) commits fraud or a material act or omission involving dishonesty with respect to the Company, as reasonably determined by the Company;

(c) willfully fails or refuses to carry out the material responsibilities of his employment, as reasonably determined by the Company; or

(d) willfully engages in any act or omission that is in violation of a material policy of the Company, including, without limitation, policies on business ethics and conduct, and policies on the use of inside information and insider trading.

A decision to terminate Mr. Vahaviolos's employment for Cause must be made, if at all, by the affirmative vote of a majority of the members of the Board (not including Mr. Vahaviolos) at a meeting of the Board called and held for such purpose (after reasonable notice to Mr. Vahaviolos and an opportunity for Mr. Vahaviolos, together with counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Mr. Vahaviolos engaged in conduct set forth above and specifying the particulars thereof in reasonable detail. If the act or omission giving rise to the termination for Cause is curable by Mr. Vahaviolos, the Board will provide 30 days written notice to Mr. Vahaviolos of its intent to terminate Mr. Vahaviolos for Cause, with an explanation of the reason(s) for the termination for Cause, and if Mr. Vahaviolos cures the act or omission within the 30 day notice period (as reasonably determined by the Board in its good faith discretion), the Board will rescind the notice of termination and Mr. Vahaviolos's employment will not be terminated for Cause at the end of the 30 day notice period. If Mr. Vahaviolos has previously been afforded the opportunity to cure particular behavior and successfully cured under this provision, the Board will have no obligation to provide Mr. Vahaviolos with notice and an opportunity to cure a recurrence of that behavior prior to a termination for Cause. For purposes of this Section, no act or failure to act by Mr. Vahaviolos shall be deemed "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that such action of omission was in, or not opposed to, the best interest of the Company.

4.3 Termination by the Company Without Cause. The Company may terminate Mr. Vahaviolos's employment without Cause at any time before the end of the Term, subject to 60 days prior written notice to Mr. Vahaviolos. Following such notice, the Company, at its sole discretion, may relieve Mr. Vahaviolos of his active duties and require Mr. Vahaviolos to use any accrued and unused paid time off, including vacation, during the notice period. The Company may at its sole discretion also provide 60 days pay in lieu of notice. For the purposes hereof, the termination of this Agreement at the expiration of the initial Term or a renewal Term due to non-renewal by the Company pursuant to Section 1.1 will be deemed to be a termination of Mr. Vahaviolos's employment by the Company without Cause.

4.4 Termination by Mr. Vahaviolos for Good Reason. Mr. Vahaviolos may terminate his employment for Good Reason at any time (before the end of the Term) if:

(a) there is a material adverse change in Mr. Vahaviolos's status or position as Executive Chairman of the Board and Chief Executive Officer of the Company, including, without limitation, a material diminution of his position, duties, responsibilities or authority or the assignment to him of duties or responsibilities that are materially inconsistent with his status or position; or

(b) a reduction in Mr. Vahaviolos's annual Base Salary or failure to pay same; or

(c) a reduction in Mr. Vahaviolos' total target incentive award opportunity during a calendar year in violation of Section 2; or

(d) a breach by the Company of any of its material obligations under this Agreement; or

(e) the relocation of Mr. Vahaviolos's principal place of employment by more than 50 miles from the then current location; or

(f) in connection with a Change in Control, the failure or refusal by the successor or acquiring company to expressly assume the obligations of the Company under this Agreement.

Before terminating his employment for Good Reason, Mr. Vahaviolos must specify in writing to the Company (or the successor or acquiring company) the nature of the act or omission that Mr. Vahaviolos deems to constitute Good Reason and provide the Company (or the successor or acquiring company) 30 days after receipt of such notice to review and, if required, correct the situation (and thus prevent Mr. Vahaviolos's termination for Good Reason). Notice of termination for Good Reason must be provided, if at all, within 90 days after the occurrence of the event or condition giving rise to such termination.

4.5 Termination Due to Disability. If Mr. Vahaviolos becomes "Disabled," the Company may terminate his employment. For this purpose, Mr. Vahaviolos will be considered "Disabled" if Mr. Vahaviolos is unable to substantially perform the customary duties and responsibilities of his employment for 150 consecutive calendar days or 150 or more calendar days during any 365 calendar day period by reason of physical or mental incapacity which is expected to result in death or last indefinitely, as determined by a duly licensed physician selected by the Company. Mr. Vahaviolos acknowledges that, if he becomes "Disabled" under the preceding definition, he will have become unable to perform the essential functions of his position and there would be no reasonable accommodation which would not constitute an undue hardship to the Company that the Company could make due to the nature of his position. Mr. Vahaviolos's termination due to Disability will be effective immediately upon the Company mailing or transmitting written notice of such termination to Mr. Vahaviolos.

4.6 Termination Due to Death. If Mr. Vahaviolos dies during the term of this Agreement, his employment and this Agreement will terminate on the date of his death.

5. Payments and Benefits Upon Termination of Employment.

5.1 Termination of Employment by the Company without Cause or by Mr. Vahaviolos for Good Reason. If Mr. Vahaviolos's employment is terminated by the Company without Cause pursuant to Section 4.3 or by Mr. Vahaviolos for Good Reason pursuant to Section 4.4, then, subject to Section 7, Mr. Vahaviolos shall be entitled to receive the following payments and benefits:

(a) a single cash payment equal to the sum of (1) the unpaid amount, if any, of Base Salary previously earned by Mr. Vahaviolos through the date of his termination, and (2) the unpaid amount, if any, of the short term incentive award earned by Mr. Vahaviolos for the preceding year;

(b) payment of any business expenses that were previously incurred but not reimbursed and are otherwise eligible for reimbursement;

(c) any payments or benefits which are payable to Mr. Vahaviolos or his covered spouse, or a dependent or beneficiary of Mr. Vahaviolos, under and in accordance with the provisions of any employee plan, program or arrangement of the Company, and settlement of any previously earned and unpaid long-term incentive awards;

(d) a cash payment equal to the product of (1) the short term incentive award (if any) that would have been earned by Mr. Vahaviolos for the calendar year in which his employment terminates if his employment had not terminated, multiplied by (2) a fraction, the numerator of which is the number of days elapsed from the beginning of that calendar year until the date his employment terminates, and the denominator of which is 365 ("Pro Rata Bonus"), which payment will be made when the bonus for such calendar year would otherwise have been paid;

(e) a single sum cash payment, to be made as soon as practicable (but not more than thirty days) following termination of employment, of an amount equal to 1.0 times the sum of (1) the highest annual rate of Mr. Vahaviolos's Base Salary at any time during the 24 months preceding the termination of his employment, and (2) Mr. Vahaviolos's target short term incentive award for the calendar year in which his employment terminates (or, if greater, the actual annual short term incentive award earned by Mr. Vahaviolos for the preceding calendar year);

(f) Mr. Vahaviolos will be deemed to have satisfied in full any service-based vesting condition under any then outstanding long-term incentive awards (including, without limitation, the initial incentive award described in Section 2.3(a) hereof), with the amount payable under any then outstanding performance-based awards being determined at the end of the applicable performance period as if Mr. Vahaviolos's employment had continued;

(g) if, immediately before the termination of his employment, Mr. Vahaviolos and/or his spouse participates (other than via COBRA) in a Company group health plan, then, for the 24 months following the date of such termination (or, if sooner, until corresponding coverage is obtained under a successor employer's plan), Mr. Vahaviolos and/or such spouse may continue participating in such plan at the same benefit and contribution levels applicable to active senior executives of the Company (which continuing participation will be deemed to be in addition to and not in lieu of COBRA), or, if such coverage is not permitted by the plan or by applicable law, the Company will provide COBRA continuation coverage to Mr. Vahaviolos and his spouse at the Company's sole expense, if and to the extent they or either of them shall have elected and shall be entitled to receive COBRA continuation coverage;

(h) the Company will continue to make the premium payments and the additional compensation payments described in Section 3.2(c) with respect to the life insurance policy on Mr. Vahaviolos's life for 24 months following the termination of his employment or until his earlier death; and

(i) Mr. Vahaviolos will continue to receive for a period of 24 months after the termination of his employment such perquisites (including, without limitation, any financial planning services), as were made available to him at any time during the 12 months preceding the termination of his employment.

5.2 Termination Due to Disability or Death. If Mr. Vahaviolos's employment is terminated by the Company due to Disability pursuant to Section 4.5, or if Mr. Vahaviolos's employment terminates by reason of his death, then, subject to Section 7, Mr. Vahaviolos (or his beneficiary, as the case may be) shall be entitled to receive the following payments and benefits:

(a) a single cash payment equal to the sum of (1) the unpaid amount, if any, of Base Salary previously earned by Mr. Vahaviolos through the date of his termination, and (2) the amount of any business expenses that were previously incurred but not reimbursed and are otherwise eligible for reimbursement;

(b) any payments or benefits which are payable to Mr. Vahaviolos, his spouse or any of his dependents or any beneficiary under and in accordance with the provisions of any employee plan, program or arrangement of the Company;

(c) a single sum cash payment equal to the sum of (1) an amount equal to six months' Base Salary, (2) the unpaid amount, if any, of the short term incentive award earned by Mr. Vahaviolos for the preceding year, and (3) an amount equal to his target bonus for the year multiplied by a fraction, the numerator of which is the number of days elapsed from the beginning of that calendar year until the date his employment terminates, and the denominator of which is 365;

(d) Mr. Vahaviolos will be deemed to have satisfied in full any service-based vesting condition under any then outstanding long-term incentive awards

(including, without limitation, the initial incentive award described in Section 2.3(a) hereof), with the amount payable under any then outstanding performance-based awards being determined at the end of the applicable performance period as if Mr. Vahaviolos's employment had continued;

(e) Access to continuing group health plan coverage as described in Section 5.1(g); and

(f) If Mr. Vahaviolos's employment is terminated due to his Disability, the Company will continue to make the premium payments and the additional compensation payments described in Section 3.2(c) with respect to the life insurance policy on Mr. Vahaviolos's life for 24 months following the termination of his employment or until his earlier death.

5.3 Termination by the Company for Cause or Voluntary Termination by Mr. Vahaviolos. If the Company terminates Mr. Vahaviolos's employment for Cause pursuant to Section 4.3 or if Mr. Vahaviolos resigns his employment before the end of the Term (other than a termination by Mr. Vahaviolos for Good Reason pursuant to Section 4.4), then Mr. Vahaviolos shall not be entitled to any additional payments or benefits except for payments and benefits, if any, that may have been earned and are or will be payable under and in accordance with the terms of any employee benefit plan in which Mr. Vahaviolos is a participant when his employment terminates.

6. Change in Control.

6.1 General. Except as otherwise specified in this Section 6, Mr. Vahaviolos will not be entitled to any additional rights, payments or benefits as a result of a "Change in Control" (as defined in Section 6.4 below), it being understood, however, that, except as otherwise enhanced pursuant to this Section 6, the provisions of this Agreement, including, without limitation, the provisions of Sections 4 and 5 (relating to the termination of Mr. Vahaviolos's employment) will continue in full force and effect subsequent to any such Change in Control. Notwithstanding the foregoing, if (a) within two years after a Change in Control, Mr. Vahaviolos's employment is terminated by the Company without Cause or by Mr. Vahaviolos for Good Reason, or (b) within six months before a Change in Control, Mr. Vahaviolos's employment is terminated by the Company without Cause at the request of the acquiring company or otherwise in contemplation of the Change in Control, then (1) the Pro Rata Bonus element of Mr. Vahaviolos's severance, as described in Section 5.1(d) above, will be determined with reference to Mr. Vahaviolos's target short term incentive bonus for the year of termination and payment of the Pro Rata Bonus will be made in a lump sum cash payment at or promptly after the time of such termination or, if later, immediately prior to the occurrence of the Change in Control, and (2) the amount of the single sum cash payment described in Section 5.1(e) will be 200% of the amount that would otherwise be payable in accordance with said Section 5.1(e) (i.e., the severance multiple will be equal to 2.0, as opposed to 1.0).

6.2 Effect of a Change in Control on Long-Term Incentive Awards. All equity-based incentive awards granted by the Company to Mr. Vahaviolos shall become fully vested immediately before the occurrence of a Change in Control if (a) Mr. Vahaviolos is then still employed by or in the service of the Company, or (b) within six months preceding the Change in Control, Mr. Vahaviolos's employment is terminated by the Company without Cause or by him for Good Reason; with the payout under any performance-based award being equal to the target amount.

6.3 Gross-Up Payments.

(a) General. Except as otherwise specified in this Section, if any payment or benefit received or to be received by Mr. Vahaviolos from the Company pursuant to the terms of this Agreement, when combined with the payments and benefits Mr. Vahaviolos is entitled to receive under any other plan, program or arrangement (the "Payments") would be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code (the "Code") as determined below, the Company shall pay Mr. Vahaviolos, at the time(s) specified below, an additional amount (the "Gross-Up Payment") such that the net amount Mr. Vahaviolos retains, after deduction of the Excise Tax on the Payments and any federal, state, and local income tax and the Excise Tax upon the Gross-Up Payment, and any interest, penalties, or additions to tax payable by Mr. Vahaviolos with respect thereto, shall be equal to the total present value (using the applicable federal rate (as defined in section 1274(d) of the Code) in such calculation) of the Payments at the time such Payments are to be made.

(b) Calculations. For purposes of determining whether any of the Payments shall be subject to the Excise Tax and the amount of such excise tax:

(i) the total amount of the Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the excise tax, except to the extent that, in the written opinion of independent counsel or an independent national accounting firm selected by the Company and reasonably acceptable to Mr. Vahaviolos ("Independent Adviser"), a Payment (in whole or in part) does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code, or such "excess parachute payments" (in whole or in part) are not subject to the Excise Tax;

(ii) the amount of the Payments that shall be subject to the Excise Tax shall be equal to the lesser of (1) the total amount of the Payments or (2) the amount of "excess parachute payments " within the meaning of section 280G(b)(1) of the Code (after applying clause (i), above); and

(iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Independent Adviser in accordance with the principles of section 280G(d)(3) and (4) of the Code.

(c) Tax Rates. For purposes of determining the amount of the Gross-Up Payment, Mr. Vahaviolos shall be deemed to pay federal income taxes at the highest marginal rates of federal income taxation applicable to individuals in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes, if any, at the highest marginal rates of taxation applicable to individuals as are in effect in the state and locality of his residence in the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes that can be obtained from deduction of such state and local taxes, taking into account any limitations applicable to individuals subject to federal income tax at the highest marginal rates.

(d) Time of Gross-Up Payments. The Gross-Up Payments provided for in this Section shall be made upon the earlier of (a) the payment to Mr. Vahaviolos of any Payment or (b) the imposition upon Mr. Vahaviolos, or any payment by him, of any Excise Tax.

(e) Adjustments to Gross-Up Payments. If it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding or the written opinion of the Independent Adviser that the Excise Tax is less than the amount previously taken into account hereunder, Mr. Vahaviolos shall repay the Company, within 30 days of his receipt of notice of such final determination or opinion, the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and federal, state, and local income tax imposed on the Gross-Up Payment being repaid by Mr. Vahaviolos if such repayment results in a reduction in Excise Tax or a federal, state, and local income tax deduction) plus any interest received from the government by Mr. Vahaviolos on the amount of such repayment, provided that if any such amount has been paid by Mr. Vahaviolos as an Excise Tax or other tax, he shall cooperate with the Company in seeking a refund of any tax overpayments, and he shall not be required to make repayments to the Company until the overpaid taxes and interest thereon are refunded to him.

(f) Additional Gross-Up Payment. If it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding or the written opinion of the Independent Adviser that the Excise Tax exceeds the amount taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess within 30 days of the Company's receipt of notice of such final determination or opinion.

(g) Change in Law or Interpretation. In the event of any change in or further interpretation of section 280G or 4999 of the Code and the regulations promulgated thereunder, Mr. Vahaviolos shall be entitled, by written notice to the Company, to request a written opinion of the Independent Adviser regarding the application of such change or further interpretation to any of the foregoing, and the Company shall use its best efforts to cause such opinion to be rendered as promptly as practicable.

(h) Fees and Expenses. All fees and expenses of the Independent Adviser incurred in connection with this section shall be borne by the Company.

(i) Survival. The Company's obligation to make a Gross-Up Payment with respect to Payments made or accrued before the termination of this Agreement shall survive the termination of the Agreement unless (1) Mr. Vahaviolos's employment is terminated by the Company for Cause or voluntarily by Mr. Vahaviolos without Good Reason, (2) Mr. Vahaviolos fails to execute a release in accordance with Section 7.1 of this Agreement, or (c) Mr. Vahaviolos fails to comply with the restrictive covenants contained in Section 8 of this Agreement, in which event the Company's obligation under this Section shall terminate immediately.

6.4 Reduction of Separation Payments in Lieu of Gross-Up. If it shall be determined that Mr. Vahaviolos is otherwise entitled to a Gross-Up Payment pursuant to Section 6.3, but that the "Parachute Value" (as defined below) of all Payments does not exceed 110% of the "Safe Harbor Amount" (as defined below), then Mr. Vahaviolos shall not be entitled to any payment under Section 6.3 and, instead, the amounts otherwise payable to Mr. Vahaviolos under this Agreement (and, if necessary, under any other agreement or arrangement) shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The reduction of amounts otherwise payable to Mr. Vahaviolos, if applicable, shall be made by first reducing the payment under Section 5.1(e), unless an alternative method of reduction is elected by Mr. Vahaviolos and permitted by the Company. For the purposes hereof, (a) the term "Parachute Value" of a Payment means the present value as of the date of the Change in Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Independent Adviser for purposes of determining whether and to what extent the Excise Tax will apply to such Payment; and (b) the term "Safe Harbor Amount" means the maximum Parachute Value of all Payments that Mr. Vahaviolos can receive without any Payments being subject to the Excise Tax.

6.5 Definition of Change in Control. For the purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if (a) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), other than Mr. Vahaviolos, the Company, any employee benefit plan of the Company, any entity owned directly or indirectly by the shareholders of the Company in substantially the same proportion as their ownership of stock of the Company or any person who becomes a beneficial owner directly or indirectly of securities of the Company pursuant to a transaction described in (b) below, becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 40% or more of the combined voting power of the Company's then outstanding voting securities; or (b) there shall have been consummated a consolidation, merger or reorganization of the Company, unless (1) the stockholders of the Company immediately before such consolidation, merger or reorganization own,

directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation or other entity resulting from such consolidation, merger or reorganization, (2) individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute a majority of the board of directors of the surviving corporation or of a corporation directly or indirectly beneficially owning a majority of the voting securities of the surviving corporation, and (3) no person beneficially owns more than 50% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (A) the Company or a subsidiary of the Company, (B) an employee benefit plan maintained by the Company, the surviving corporation or any subsidiary, or (C) the beneficial owner of 50% or more of the combined voting power of the outstanding voting securities of the Company immediately prior to such consolidation, merger or reorganization); or (c) individuals who are set forth as directors or director nominees of the Company in Amendment No. 3 to the Registration Statement on Form S-1, as filed on August 24, 2009 (the "Registration Statement"), with the Securities and Exchange Commission (the "Incumbent Board") cease for any reason to constitute a majority of the Board, provided that any individual becoming a director subsequent to the date of the closing of the initial public offering of the common stock of the Company pursuant to the Registration Statement, as subsequently amended, whose appointment or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; or (d) the stockholders of the Company approve the complete liquidation or dissolution of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (other than to an entity described in (b) above).

7. Release of Claims; Restoration of Payments; Section 409A Delayed Payments.

7.1 Release. Notwithstanding anything to the contrary contained herein, Mr. Vahaviolos's right to receive any and all separation payments or benefits under Section 5.1(d) – 5.1(i), 5.2(c) – 5.2(f), 6.1, 6.2 and/or 6.3 shall be conditioned on the execution and delivery of a reasonable and customary form of general release by Mr. Vahaviolos in favor of the Company, its affiliates and their officers, directors and employees, in such form as the Compensation Committee or the Board may specify. Any such payment or benefit shall be deferred until the expiration of the seven day revocation period prescribed by the Age Discrimination in Employment Act of 1967, as amended, or any similar revocation period in effect on the effective date of the termination of Mr. Vahaviolos's employment.

7.2 Restoration of Payments. Mr. Vahaviolos's right to receive any separation payments and benefits pursuant to this Agreement shall be subject to his substantial compliance with the non-competition and non-solicitation restrictive covenants set forth in Section 8.5. If Mr. Vahaviolos fails to substantially comply with such covenants set forth in Section 8.5, then (a) Mr. Vahaviolos shall not be entitled to any further separation payments and benefits under this Agreement, and (b) the Company may

seek to obtain the return by Mr. Vahaviolos of any separation payments and the value of any separation benefits previously received hereunder. This Section shall not in any manner supersede or limit any other right the Company may have to enforce or seek legal or equitable relief with respect to a violation or breach by Mr. Vahaviolos of the covenants set forth in Section 8.5 or the right of Mr. Vahaviolos to otherwise receive payments to which he is entitled. The Company shall not have the right of set off in connection with the enforcement of its rights hereunder.

7.3 Section 409A Delayed Payment Requirements. Notwithstanding any provision to the contrary in this Agreement or in any employee plan or other agreement, plan, policy or program of the Company, any payment otherwise required to be made to Mr. Vahaviolos on account of his separation from service (including, without limitation, payments and benefits payable under Section 5.1), to the extent such payment is properly treated as deferred compensation subject to Section 409A of the Internal Revenue Code of 1986 and the regulations and other applicable guidance issued by the Internal Revenue Service thereunder, shall be delayed until the first business day after the expiration of six months from the date of the termination of Mr. Vahaviolos's employment or, if earlier, the date of his death. On the delayed payment date, there shall be paid to Mr. Vahaviolos (or his estate, as the case may be) in a single cash payment an amount equal to the aggregate amount of the payments delayed pursuant to the preceding sentence. Notwithstanding the foregoing, Mr. Vahaviolos shall be solely responsible, and the Company shall have no liability, for any taxes, acceleration of taxes, interest or penalties arising under Section 409A of the Code.

8. Restrictive Covenants.

8.1 Access to Secret and Confidential Information. The Company has furnished and shall furnish to Mr. Vahaviolos secret and confidential information with respect to the Company and its affiliates (collectively "Secret and Confidential Information"), to which Mr. Vahaviolos would not otherwise have access and of which Mr. Vahaviolos would not otherwise have knowledge. Secret and Confidential Information includes, without limitation, technical and business information, whether patentable or not, which is of a confidential, trade secret or proprietary character, and which is either developed by Mr. Vahaviolos alone, with others or by others; lists of customers; identity of customers; identity of prospective customers; contract terms; bidding information and strategies; pricing methods or information; computer software; computer software methods and documentation; hardware; methods of operation; the procedures, forms and techniques used in servicing accounts; and other information or documents that the Company or any of its affiliates requires to be maintained in confidence for its or their continued business success.

8.2 Non-Disclosure of Secret and Confidential Information. Mr. Vahaviolos shall not, during the period of his employment with the Company or at any time thereafter, knowingly or intentionally disclose to anyone, including, without limitation, any person, firm, corporation, or other entity, or publish, or use for any purpose, any Secret and Confidential Information, except as properly required in the ordinary

course of the Company's business or as directed and authorized by the Company or as required by court order, law or subpoena, or other legal compulsion to disclose, it being understood that information that is known generally in the industry or is otherwise available to the public (other than as a result of a violation of Mr. Vahaviolos's obligation under this Section 8.2) shall not be considered Secret and Confidential Information.

8.3 Duty to Return Company Documents and Property. Upon the termination of Mr. Vahaviolos's employment with the Company for any reason, Mr. Vahaviolos shall immediately return and deliver to the Company any and all papers, books, records, documents, memoranda and manuals, e-mail, electronic or magnetic recordings or data, including all copies thereof, belonging to the Company or relating to its business, in Mr. Vahaviolos's possession, whether prepared by Mr. Vahaviolos or others. If at any time after the termination of employment, Mr. Vahaviolos determines that he has any Secret and Confidential Information in his possession or control, Mr. Vahaviolos shall immediately return to the Company all such Secret and Confidential Information, including all copies and portions thereof.

8.4 Inventions. Any and all writings, computer software, inventions, improvements, processes, procedures and/or techniques which Mr. Vahaviolos may make, conceive, discover, or develop, either solely or jointly with any other person or persons, at any time during the term of his employment, whether at the request or upon the suggestion of the Company or otherwise, which relate to or are useful in connection with any business now or hereafter carried on or contemplated by the Company, including developments or expansions of its present fields of operations, shall be the sole and exclusive property of the Company. Mr. Vahaviolos shall take all actions necessary so that the Company can prepare and present applications for copyright or letters patent therefor, and can secure such copyright or letters patent wherever possible, as well as reissue renewals, and extensions thereof, and can obtain the record title to such copyright or patents. Mr. Vahaviolos shall not be entitled to any additional or special compensation or reimbursement regarding any such writings, computer software, inventions, improvements, processes, procedures and techniques. Mr. Vahaviolos acknowledges that the Company from time to time may have agreements with other persons or entities which impose obligations or restrictions on the Company regarding inventions made during the course of work thereunder or regarding the confidential nature of such work. Mr. Vahaviolos shall be bound by all such obligations and restrictions and take all action necessary to discharge the obligations of the Company.

8.5 Non-Solicitation and Non-Competition Restrictions. To protect the Company's Secret and Confidential Information, and in the event of Mr. Vahaviolos's termination of employment for any reason whatsoever, whether by Mr. Vahaviolos or the Company, Mr. Vahaviolos will be subject to the following restrictive covenants during and for the stated period following the termination of his employment.

(a) Non-Competition. For two years following the termination of Mr. Vahaviolos's employment with the Company, Mr. Vahaviolos shall not, without the prior

written consent of the Company, knowingly or intentionally (1) personally engage in Competitive Activities (as defined below); or (2) work for, own, manage, operate, control, or participate in the ownership, management, operation, or control of, or provide consulting or advisory services to, any person, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities; provided that Mr. Vahaviolos's purchase or holding, for investment purposes, of securities of a publicly traded company shall not constitute "ownership" or "participation in the ownership" for purposes of this paragraph so long as such equity interest in any such company is not more than 5% of the value of the outstanding stock or 5% of the outstanding voting securities of said publicly traded company. For the avoidance of doubt, this subsection (a) shall not prohibit Mr. Vahaviolos from being employed by, or providing services to, a consulting firm, provided that Mr. Vahaviolos does not personally engage in Competitive Activities or provide consulting or advisory services to any individual, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or any person or entity affiliated with such individual, partnership, firm, corporation, institution or other entity engaged in Competitive Activities.

(b) Competitive Activities. For the purposes hereof, the term "Competitive Activities" means activities relating to products or services of the same or similar type as the products or services which are sold (or, pursuant to an existing business plan, will be sold) to paying customers of the Company or any affiliate. Notwithstanding the previous sentence, an activity shall not be treated as a Competitive Activity if the geographic marketing area of the relevant products or services does not overlap with the geographic marketing area for the applicable products and services of the Company and its affiliates.

(c) Interference With Business Relations — For two years following his separation from employment with Company, Mr. Vahaviolos shall not, without the prior written consent of the Company, knowingly or intentionally, directly or indirectly:

(i) recruit, induce or solicit any individual who is or who, within the preceding six months, was a non-clerical employee of the Company (including any of its subsidiaries) for employment or for retention as a consultant or service provider, or hire any such individual; or

(ii) solicit or induce any client, customer, or prospect of the Company (including any subsidiary of the Company) (1) to cease being, or not to become, a customer of the Company (or any such subsidiary), or (2) to divert any business of such customer or prospect from the Company (or any such subsidiary).

8.6 Reformation. If a court concludes that any time period and/or the geographic area specified in Section 8.5 is unenforceable, then the time period will be reduced by the number of months, or the geographic area will be reduced by the elimination of the overbroad portion, or both, as the case may be, so that the

restrictions may be enforced in the geographic area and for the time to the fullest extent permitted by law.

8.7 Remedies. It is intended that, in view of the nature of the Company's business, the restrictions contained in this Section 8 of the Agreement shall be considered reasonable and necessary to protect the Company's legitimate business interests and that any violation of these restrictions would result in irreparable injury to the Company. In the event of a breach or a threatened breach by Mr. Vahaviolos of any restrictive covenant contained herein, the Company shall be entitled to a temporary restraining order and injunctive relief restraining Mr. Vahaviolos from the commission of any breach, and to recover the Company's attorneys' fees, costs and expenses related to the breach or threatened breach. Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for any breach or threatened breach, including, without limitation, the restoration and other remedies specified in this Agreement and/or the recovery of money damages, attorneys' fees, and costs. These covenants and restrictions shall each be construed as independent of any other provisions in the Agreement, and the existence of any claim or cause of action by Mr. Vahaviolos against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants and restrictions.

8.8 Severability. Should a court determine that any paragraph or sentence, or any portion of a paragraph or sentence of this Section 8 is invalid, unenforceable, or void, this determination shall not have the effect of invalidating or validating the remainder of the paragraph, sentence or any other provision of this Section 8. Further, it is intended that the court should construe this Section 8 by limiting and reducing it only to the extent necessary to be enforceable under then applicable law, taking into account the intent of the parties.

8.9 Future Employment. If, before the expiration of the period covered by Section 8.5 hereof, Mr. Vahaviolos seeks or is offered employment by any other company, firm, person or entity, Mr. Vahaviolos shall provide a copy of this Section 8 to the prospective employer before accepting employment with that prospective employer.

9. No Duty to Mitigate. Except as otherwise specifically provided herein, Mr. Vahaviolos's entitlement to payments or benefits upon or following the termination of his employment will not be subject to mitigation or a duty to mitigate by Mr. Vahaviolos.

10. Successors and Beneficiaries.

10.1 Successors and Assigns of the Company. The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company and its subsidiaries taken as a whole, expressly and unconditionally to assume and agree to perform or cause to be performed the Company's obligations under this Agreement. In

any such event, the term "Company," as used herein shall mean the Company, as defined above, and any such successor or assignee.

10.2 Mr. Vahaviolos's Beneficiary. For the purposes hereof, Mr. Vahaviolos's beneficiary will be the person or persons designated as such in a written beneficiary designation filed with the Company, which may be revoked or revised in the same manner at any time prior to Mr. Vahaviolos's death. In the absence of a properly filed written beneficiary designation or if no designated beneficiary survives Mr. Vahaviolos, Mr. Vahaviolos's beneficiary will be deemed to be his surviving spouse, if any, or, if none, his estate.

11. Legal Fees to Enforce Rights after a Change in Control. If, following a Change in Control, the Company fails to comply with any of its obligations under this Agreement or the Company takes any action to declare this Agreement void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from Mr. Vahaviolos (or Mr. Vahaviolos's beneficiary) the payments and benefits intended to be provided, then Mr. Vahaviolos (or Mr. Vahaviolos's beneficiary, as the case may be) shall be entitled to select and retain counsel at the expense of the Company to represent Mr. Vahaviolos (or Mr. Vahaviolos's beneficiary) in connection with the good faith initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company or any successor thereto in any jurisdiction.

12. Arbitration.

12.1 Dispute Resolution. Except as otherwise specifically provided in Section 8.7 (relating to the ability of a party to seek injunctive or other equitable relief from a court), any claim or controversy arising out of or relating to this Agreement or the breach hereof shall be resolved exclusively by arbitration.

12.2 Claim Initiation/Time Limits. A party must notify the other party in writing of a request to arbitrate a dispute within the same statute of limitations period applicable to the legal claim asserted. The written request for arbitration must specify (a) the factual basis on which the claim is made; (b) the statutory provision or legal theory under which the claim is made; and (c) the nature and extent of any relief or remedy sought.

12.3 Procedures. The arbitration will be administered in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA"), in the Princeton, New Jersey metropolitan area (or, if different, in the metropolitan area in which Mr. Vahaviolos is then or was last employed) before an experienced employment law arbitrator licensed to practice law in that jurisdiction who has been selected in accordance with such Rules. The Company will pay the fees of the AAA and the arbitrator and will bear the administrative expenses of any such arbitration proceeding. Each party may be represented by counsel of its or his own choosing and at its or his own expense; provided, however, that attorneys' fees and costs may be awarded to a prevailing party in the discretion of the arbitrator. The arbitrator's award

will be enforceable, and a judgment may be entered thereon, in a federal or state court of competent jurisdiction in the state where the arbitration was held. The decision of the arbitrator will be final and binding.

13. Governing Law. This Agreement shall be governed by the laws of the State of New Jersey, excluding its conflict of law rules or any other principle that could require the application of the law of any other jurisdiction.

14. Indemnification. In the absence of a separate written indemnification agreement between the Company and Mr. Vahaviolos, the Company shall indemnify Mr. Vahaviolos and hold him harmless from and against any claim, liability and expense (including, without limitation, reasonable attorney fees) made against him or incurred by him in connection with his employment by the Company or his membership on the Board (including, without limitation, service for subsidiaries or affiliates of the Company in fulfillment of his duties and responsibilities under this Agreement), to the maximum extent permitted by applicable law.

15. Withholding. The Company and its Affiliates may withhold from any and all amounts payable under this Agreement such federal, state and local taxes and other amounts as may be required to be withheld pursuant to applicable law.

16. Entire Agreement. This Agreement (including any exhibits, schedules and other documents referred to herein) contains the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any prior and/or contemporaneous understandings, agreements or representations, written or oral, relating to the subject matter hereof.

17. Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by signing any such counterpart.

18. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law and consistent with the intention of the parties, and, in furtherance thereof, if any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable law or rule, the validity, legality and enforceability of the other provision of this Agreement will not be affected or impaired thereby.

19. Modification, Amendment, Waiver or Termination. No provision of this Agreement may be modified, amended, waived or terminated except by an instrument in writing signed by the parties to this Agreement. No course of dealing between the parties will modify, amend, waive or terminate any provision of this Agreement or any rights or obligations of any party under or by reason of this Agreement. No delay on the part of the Company in exercising any right hereunder shall operate as a waiver of such right. No waiver, express or implied, by a party of any right or any breach by the other

party shall constitute a waiver of any other right of such party or breach by such other party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

MISTRAS GROUP INC.

By: Pete Peterik
Secretary and Chief
Financial Officer

/s/ Sotirios J. Vahaviolos
Sotirios J. Vahaviolos

Exhibit 10.5

MISTRAS GROUP INC.
2007 STOCK OPTION PLAN

1. Purpose. The purpose of the Mistras Holdings Group Inc. 2007 Stock Option Plan (the "Plan") is to foster the ability of Mistras Holdings Group Inc. (the "Company") and its subsidiaries to attract, motivate, reward and retain key personnel through the grant of options ("Options") to purchase shares of the Company's common stock ("Common Stock").

2. Eligibility. Options may be granted under the Plan to such directors, officers, employees, consultants and other persons who may perform services for the Company or its affiliates, as the Committee may select.

3. Aggregate Share Limitation. The Company may issue an aggregate of 56,974 shares of Common Stock under the Plan, exclusive of (a) shares covered by the unexercised portion of an Option that is forfeited or otherwise terminates, and (b) shares that are withheld in order to pay the exercise price or satisfy the tax withholding obligations associated with the exercise of an Option.

4. Administration.

(a) Committee. The Plan will be administered by the Company's Board of Directors (the "Board") or a committee of one or more members of the Board appointed for this purpose by the Board (the Board in such capacity or such committee being referred to as the "Committee").

(b) Responsibility and Authority of Committee. Subject to the provisions of the Plan, the Committee, acting in its discretion, will have responsibility and full power and authority to (i) select the persons to whom Options will be granted under the Plan, (ii) prescribe the terms and conditions of each Option and make amendments thereto, (iii) construe, interpret and apply the provisions of the Plan and of any agreement or other document evidencing an Option, and (iv) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the Plan.

(c) Delegation of Authority. Subject to the requirements of applicable law, the Committee may delegate to any person or group or subcommittee of persons (who may, but need not be, members of the Committee) such Plan-related functions within the scope of its responsibility, power and authority as it deems appropriate.

(d) Committee Actions. A majority of the members of the Committee shall constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the Committee as to any disputed question, including questions of construction, interpretation and administration, shall be final and conclusive on all persons. The Committee shall keep a record of its proceedings and acts and shall keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the Plan.

(e) Indemnification. The Company shall indemnify and hold harmless each member of the Committee and any employee or director of the Company to whom any duty or

power relating to the administration or interpretation of the Plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including legal and other expenses incident thereto) arising out of or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

5. Stock Options. Subject to the terms of the Plan, each Option shall be in such form and contain such terms and conditions as the Committee shall deem appropriate. The Committee may grant options that do and options that do not qualify as "incentive stock options" ("ISOs") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

(a) Option Term. No Option granted under the Plan may be exercisable after the expiration of ten years from the date it is granted (five years in the case of an ISO granted to an employee who is a 10% stockholder within the meaning of Section 422(b)(6) of the Code).

(b) Exercise Price. The exercise price per share of Common Stock covered by an Option must be at least equal to the fair market value per share on the grant date (110% of fair market value in the case of an ISO granted to an employee who is a 10% stockholder within the meaning of Section 422(b)(6) of the Code). For the purposes of the Plan, subject to applicable law and unless otherwise determined by the Committee, the fair market value per share of Common Stock on any given date will be (i) if the Common Stock is listed on any established stock exchange or traded on the Nasdaq National Market or the Nasdaq SmallCap Market, the closing sale price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the shares) on the date of determination, or (ii) in the absence of such markets for the Common Stock, the value per share as determined in good faith by the Committee or pursuant to procedures established by the Committee.

(c) Exercise of Options. A vested Option may be exercised by transmitting to the Secretary of the Company (or other person designated by the Committee) a written notice identifying the Option that is being exercised and specifying the number of whole shares to be purchased pursuant to that Option, together with payment in full of the exercise price and the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Company have been made for such payments. The exercise price and applicable tax withholding obligation may be paid (i) in cash or by check or (ii) at the sole discretion of the Committee, (1) by the delivery of previously-owned shares of Common Stock, or (2) any other form of legal consideration that may be acceptable to the Committee, or (iii) by a combination of the foregoing. After the first date upon which the Common Stock is listed on any securities exchange or designated (or approved for designation) as a national market security on an interdealer quotation system, the Committee may permit payment to be made pursuant to a cashless exercise program established and made available through a registered broker-dealer in accordance with applicable law. Any shares transferred to the Company (or withheld upon exercise) in connection with the exercise of an Option shall be valued at fair market value for purposes of determining the extent to which the exercise price and/or tax withholding obligation is satisfied by such transfer (or withholding) of shares.

(d) Effect of Termination of Employment or Other Service. The Committee may establish such exercise and other conditions applicable to an Option following the termination of an optionee's employment or other service with the Company or its affiliates ("Termination of Employment") as the Committee deems appropriate on a grant-by-grant basis. Unless the Committee determines otherwise, either at the time of grant or, subject to applicable law (including, without limitation, the requirements of Section 409A or the Code), subsequent to that time, in the event of the an optionee's Termination of Employment: (1) that portion of the optionee's Option that is not then vested will expire immediately upon Termination of Employment; (2) that portion of an optionee's Option that is then vested will expire (a) 30 days following a Termination of Employment for reasons other than death, Disability or Cause (as those terms are defined below), (b) 180 days following a Termination of Employment due to the optionee's death, (c) 180 days following a Termination of Employment due to the optionee's Disability or, if the optionee dies during such 180-day period, 90 days after the optionee's death, or (d) immediately upon a Termination of Employment by the Company or an affiliate for Cause.

(i) Definition of Cause. For purposes of the Plan, the term "Cause" means any of the following: (1) an optionee's theft, dishonesty, or falsification of any documents or records related to the Company or any of its affiliates; (2) an optionee's improper use or disclosure of the Company's or any of its affiliate's confidential or proprietary information; (3) any action by an optionee which has a detrimental effect on the reputation or business of the Company or any of its affiliates; (4) an optionee's failure or inability to substantially perform any reasonably assigned duties, if such failure or inability is capable of cure, after being provided with a reasonable opportunity to cure, such failure or inability; or (5) an optionee's conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the optionee's ability to perform his or her duties with the Company or any of its affiliates, all as determined by the Board in its discretion.

(ii) Definition of Disability. For the purposes of the Plan, the term "Disability" means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code.

6. Stockholders' Agreement. The Committee may condition the vesting and exercise of an Option on the completion by the Company of an initial public offering. If the vesting and exercise of an Option are not so conditioned, then the Committee may condition the exercise of a vested Option prior to an initial public offering on the optionee's (or beneficiary's) becoming a party to a stockholders' agreement by and among the Company and some or all of its stockholders (which agreement may include, among other things, transfer restrictions, rights of first refusal, repurchase rights and market standoff conditions with respect to the shares acquired pursuant to the exercise of the Option), as such agreement may be amended from time to time, or any subsequent stockholders' agreement thereto.

7. Non-Transferability. No Option granted under the Plan shall be transferable by an optionee other than upon the optionee's death to a beneficiary designated by the optionee in a manner acceptable to the Committee, or, if no duly designated beneficiary shall survive the optionee, pursuant to the optionee's will or by the laws of descent and distribution. All Options shall be exercisable during the optionee's lifetime only by the optionee. Except as otherwise

specifically provided by law, no Option granted under the Plan may be transferred in any manner, and any attempt to transfer any such Option shall be void, and no such Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Option, nor shall it be subject to attachment or legal process for or against such person. Notwithstanding the foregoing, the Committee may determine at the time of grant or thereafter that an Option (other than an ISO) is transferable in whole or part to such persons, under such circumstances, and subject to such conditions as the Committee may prescribe.

8. Capital Changes, Reorganization, Sale.

(a) Adjustments Upon Changes in Capitalization. The aggregate number and class of shares issuable under the Plan and the number and class of shares and the exercise price per share covered by each outstanding Option and related terms shall be adjusted proportionately or as otherwise appropriate in the determination of the Board to reflect any increase or decrease in the number of issued shares of Common Stock resulting from a stock-split, reverse stock-split or consolidation of shares or any like capital adjustment, or the payment of any stock dividend, and/or to reflect a change in the character or class of shares covered by the Plan arising from a readjustment or recapitalization of the Company's capital stock.

(b) Cash, Stock or Other Property for Stock. Except as otherwise provided in this Section, in the event of an Exchange Transaction (as defined below), all optionees shall be permitted to exercise their outstanding Options in whole or in part to the extent then vested; provided, that the Board may in its sole discretion accelerate in whole or in part the vesting of the remaining unvested portion of the Options immediately prior to such Exchange Transaction, and any outstanding Options which are not exercised before the Exchange Transaction shall thereupon terminate. Notwithstanding the preceding sentence, if, as part of an Exchange Transaction, the stockholders of the Company receive equity capital of another entity ("Exchange Stock") in exchange for their shares of Common Stock (whether or not such Exchange Stock is the sole consideration), and if the Board, in its sole discretion, so directs, then all outstanding Options shall be converted into options to purchase shares of Exchange Stock. The amount and price of converted options shall be determined by adjusting the amount and price of the Options granted hereunder on the same basis as the determination of the number of shares of Exchange Stock the holders of Common Stock shall receive in the Exchange Transaction and, unless the Board determines otherwise, the vesting conditions with respect to the converted options shall be substantially the same as the vesting conditions set forth in the original Option agreement.

(c) Definition of Exchange Transaction. For purposes hereof, the term "Exchange Transaction" means a merger (other than a merger of the Company in which the holders of Common Stock immediately prior to the merger have the same proportionate ownership of Common Stock in the surviving corporation immediately after the merger), consolidation, acquisition or disposition of property or stock, separation, reorganization (other than a mere reincorporation or the creation of a holding company), liquidation of the Company, or any other similar transaction or event so designated by the Committee in its sole discretion, as a result of which the stockholders of the Company receive cash, stock or other property in exchange for or in connection with their shares of Common Stock.

(d) Fractional Shares. In the event of any adjustment in the number of shares covered by any Option pursuant to the provisions hereof, any fractional shares resulting from such adjustment shall be disregarded, and each such Option shall cover only the number of full shares resulting from the adjustment.

(e) Determination of Board to be Final. All adjustments under this Section shall be made by the Board, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

9. Tax Withholding. As a condition to the exercise of any Option or the delivery of any shares of Common Stock pursuant to any Option, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company or an affiliate relating to an Option, the Company and/or the affiliate may (a) deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to an optionee whether or not pursuant to the Plan or (b) require the optionee to remit cash (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation. If the event giving rise to the withholding obligation involves a transfer of shares of Common Stock, then, at the sole discretion of the Committee, the optionee may satisfy the withholding obligation described under this Section by electing to have the Company withhold shares of Common Stock or by tendering previously-owned shares of Common Stock, in each case having a fair market value equal to the amount of tax to be withheld (or by any other mechanism as may be required or appropriate to conform with local tax and other rules).

10. Amendment and Termination. The Board may amend or terminate the Plan, provided, however, that no such action may adversely affect an optionee's rights under an outstanding Option without his written consent. Any amendment that would increase the aggregate number of shares of Common Stock issuable under the Plan or that would modify the class of persons eligible to receive Options shall be subject to the approval of the Company's stockholders. The Committee may amend the terms of any agreement or any Option granted hereunder at any time and from time to time, provided, however, that any amendment which would adversely affect an optionee's rights under an outstanding Option may not be made without the optionee's consent.

11. General Provisions.

(a) Shares Issued Under Plan. Shares of Common Stock available for issuance under the Plan may be authorized and unissued, held by the Company in its treasury or otherwise acquired for purposes of the Plan. No fractional shares of Common Stock will be issued under the Plan.

(b) Compliance with Law. The Company will not be obligated to issue or deliver shares of Common Stock pursuant to the Plan unless the issuance and delivery of such shares complies with applicable law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the requirements of any stock

exchange or market upon which the Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(c) Transfer Orders; Placement of Legends. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

12. No Employment or other Rights. Nothing contained in the Plan or in any Option agreement shall confer upon any optionee any right with respect to the continuation of his employment or other service with the Company or an affiliate or interfere in any way with the right of the Company and its affiliates at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the other terms and conditions of the optionee's employment or other service.

13. Decisions and Determinations Final. All decisions and determinations made by the Board pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the Board, all decisions and determinations of the Committee, shall be final, binding and conclusive on all persons.

14. Nonexclusivity of the Plan. No provision of the Plan, and neither its adoption by the Board or submission to the stockholders for approval, shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable.

15. Governing Law. All rights and obligations under the Plan and each Option agreement or instrument shall be governed by and construed in accordance with the laws of the State of [Delaware], without regard to its principles of conflict of laws.

16. Term of the Plan. The Plan shall be effective as of the date of its adoption by the Board, subject to the approval of the stockholders of the Company within one year from the date of such adoption by the Board. The Plan shall terminate on the tenth anniversary of the date of its adoption by the Board, unless sooner terminated by the Board. The rights of any person with respect to any Option granted under the Plan that is outstanding at the time of the termination of the Plan shall not be affected solely by reason of the termination of the Plan and shall continue in accordance with the terms of the Option and of the Plan.

MISTRAS GROUP INC.
STOCK OPTION AGREEMENT

AGREEMENT made as of the ___ day of , 20___, by and between Mistras Group Inc. (the "Company"), and _____ (the "Optionee").

W I T N E S S E T H:

WHEREAS, pursuant to the Mistras Group Inc. 2007 Stock Option Plan (the "Plan"), the Company desires to grant to the Optionee, and the Optionee desires to accept, an option to purchase shares of the Company's common stock (the "Common Stock") upon the terms and conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option. The Company hereby grants to the Optionee an option (the "Option") to purchase up to shares of Common Stock at an exercise price per share of $80.00 upon the terms and conditions set forth in this Agreement and the Plan. A copy of the Plan is attached to the Agreement. Capitalized terms that are used but not defined in the Agreement shall have the meanings ascribed to them by the Plan.

2. Incentive Stock Option Status. To the maximum extent permitted by law, the Option shall constitute an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986

3. Option Term. Unless terminated sooner, the Option shall expire if and to the extent it is not exercised within ten years from the date hereof.

4. Vesting of Option. Except as otherwise provided herein or the Plan, the Option shall vest in accordance with the following schedule based upon the Optionee's continuous employment or other service with the Company or its affiliates following the date hereof; provided, however, the Option will not be exercisable, whether or not otherwise vested pursuant to this Section, unless and until the attainment of the performance objectives described in Exhibit A annexed to this Agreement.

Continuous Service	Vested Percentage
Less than 1 Year	0%
At least 1 Year	25%
At least 2 Years	50%
At least 3 Years	75%
4 or more Years	100%

5. Termination of Employment. Unless the Committee determines otherwise in accordance with the Plan, upon the termination of the Optionee's employment or other service with the Company and its affiliates ("Termination of Employment"):

(a) that portion of the Option that is not then vested and exercisable will immediately terminate; and

(b) that portion of the Option that is then vested and exercisable will terminate (1) 30 days following the Termination of Employment if it occurs for any reason other than death, termination by the Company or an affiliate due to Disability or termination by the Company or an affiliate for Cause (as those terms are defined in the Plan), (2) 180 days following the Termination of Employment if it occurs due to the Optionee's death, (c) 180 days following the Termination of Employment if it is triggered by the Company or an affiliate due to the Optionee's Disability or, if the Optionee dies during such 180-day period, 90 days after the Optionee's death, or (d) immediately upon the Termination of Employment if it is triggered by the Company or an affiliate for Cause.

Notwithstanding the provisions of this Section, in no event may the Option be exercised after the expiration of its stated term or before it becomes vested and exercisable.

6. Exercise Procedures. If and to the extent the Option is vested and exercisable, it may be exercised by transmitting to the Secretary of the Company (or other person designated by the Committee) (a) a written notice specifying the number of whole shares to be purchased pursuant to the Option exercise, (b) payment in full of the exercise price and the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Committee, in its sole and absolute discretion, have been made for such payments, and (c) if the shares of the Common Stock to be issued upon exercise of the Option have not been registered under the Securities Act of 1933, as amended, an executed representation letter in the form of Exhibit B attached hereto. The exercise price and applicable tax withholding obligation may be paid in cash or by check or, at the sole and absolute discretion of the Committee, by delivery of previously-owned shares of Common Stock, any other form of legal consideration that may be acceptable to the Committee, or a combination of any of the foregoing. If the Common Stock becomes publicly-traded, the Committee may permit payment to be made pursuant to a cashless exercise program established and made available through a registered broker-dealer in accordance with applicable law.

7. Nontransferability. This Option is not assignable or transferable other than to a beneficiary designated to receive this Option upon the Optionee's death in a manner acceptable to the Company or by will or the laws of descent and distribution, and this Option shall be exercisable during the lifetime of the Optionee only by the Optionee (or, in the event of the Optionee's incapacity, the Optionee's legal representative or guardian). Any attempt by the Optionee or any other person claiming against, through or under the Optionee to cause this Option or any part of it to be transferred or assigned in any manner and for any purpose shall be null and void and without effect upon the Company, the Optionee or any other person.

8. Stockholders' Agreement. If the Option is exercised before the completion of an initial public offering of the Company's Common Stock, then such exercised shall be conditioned upon the Optionee's (or beneficiary's) becoming a party to a stockholders' agreement by and among the Company and some or all of its stockholders (which agreement may include, among other things, transfer restrictions, rights of first refusal, repurchase rights and market standoff conditions with respect to the shares acquired pursuant to the exercise of the

Option), as such agreement may be amended from time to time, or any subsequent stockholders' agreement (the "Stockholders' Agreement").

9. Restriction on Transfer of Shares. At any time during which the Company's equity securities are not publicly-traded, any shares acquired pursuant to the exercise of this Option shall not be sold, encumbered, disposed of or otherwise transferred without the prior written consent of the Company, which may be withheld for any or no reason. Any permitted transferee shall acquire the transferred shares subject to such restrictions and conditions, including, without limitation, becoming a party to the Stockholders' agreement, as the Committee may prescribe, taking into account the restrictions and conditions to which such shares were or would have been subject in the hands of the transferor. The restrictions and conditions of this Section shall be reflected in a legend on the certificate or other evidence for the Common Stock to which this Section applies. Notwithstanding the foregoing, the restrictions of this Section shall not apply if and to the extent the shares of Common Stock acquired pursuant to this Option are subject to a right of first refusal under the Stockholders' Agreement.

10. Company Call Rights. Upon the termination of the Optionee's employment with the Company or its affiliates, the Company may at any time within one year after the termination date repurchase any shares of Common Stock previously acquired by the Optionee (or by the Optionee's beneficiary, as the case may be) pursuant to the exercise of the Option at a repurchase price equal to (a) the exercise price paid by the Optionee for the purchase of the shares plus 15% if the Optionee's employment was terminated for any reason other than voluntarily by the Optionee or by the Company for Cause, and (b) the lesser of the Fair Market Value per share on the date of termination or the exercise price paid by the Optionee for the purchase of the shares by exercise of the Option, if the Optionee's employment is terminated voluntarily by the Optionee or by the Company for Cause. If the Company elects to exercise a call right under this Section, it shall do so by delivering to the Optionee a written notice of such election, specifying the number of shares to be purchased and the closing date and time that is within the one year period. Such closing shall take place at the Company's principal executive offices. At such closing, the Company shall pay the Optionee the repurchase price as specified in this Section in cash, or by cancellation of indebtedness of the Optionee to the Company, provided, however, that the Company may elect to pay the repurchase price in as many as four substantially equal installments with the first installment being payable at the closing and subsequent installments paid on each of the first three anniversary dates of the closing. The installment payments shall bear interest at an annual rate of 5% or, if greater, the minimum annual rate necessary to avoid imputed income under the applicable provisions of the Internal Revenue Code. Notwithstanding the foregoing, the Company shall cease to have call rights pursuant to this Section if and when the Company's equity securities become publicly-traded. The restriction in this Section shall be reflected in the Common Stock legend for any shares to which this Section applies.

11. Provisions of the Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan and to such rules, regulations and interpretations as may be established or made by the Committee acting within the scope of its authority and responsibility under the Plan. The Optionee acknowledges receipt of a copy of the Plan prior to execution of this Agreement. The applicable provisions of the Plan shall govern in any situation where this Agreement is silent or where the applicable provisions of this Agreement are contrary to or not reconcilable with such Plan provisions.

12. No Employment Rights. Nothing contained herein or in the Plan shall confer upon the Optionee any right with respect to the continuation of the Optionee's employment or other service with the Company or an affiliate or interfere in any way with the right of the Company and its affiliates at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the other terms and conditions of the Optionee's employment or other service.

13. No Stockholder Rights. Neither the Optionee, nor any person entitled to exercise the Optionee's rights in the event of the Optionee's death, shall have any of the rights and privileges of a stockholder with respect to the shares subject to this Option, until certificates for shares have been issued upon the proper exercise of the Option.

14. Compliance with Law. Shares of Common Stock shall not be issued pursuant to the exercise of the Option unless such exercise and the issuance and delivery of such shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act and the requirements of any stock exchange or market upon which the Common Stock may then be listed. All certificates for shares of Common Stock delivered hereunder shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be amended, except as provided in the Plan, other than by a written instrument executed by the parties hereto.

16. Governing Law. All rights and obligations under this Agreement and the Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Agreement, and the Optionee has executed this Agreement, effective as of the date first above written.

MISTRAS GROUP INC.

By: _____
Sotirios J. Vahaviolos

By: _____

EXHIBIT A
PERFORMANCE VESTING CONDITIONS

EXHIBIT B

Mistras Group Inc. 195
Clarksville Road Princeton
Junction, NJ 08550

[Date]

Ladies and Gentlemen:

In connection with the exercise by the undersigned, , of an option to purchase shares of Common Stock (the "Common Stock"), of Mistras Group Inc. (the "Company"), the undersigned hereby represents, warrants and agrees as of the date hereof that:

(i) He/she will not offer, sell, transfer or otherwise dispose of the Common Stock unless (A) an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covers the disposition of such securities or (B) he/she has delivered to the Company an opinion of counsel, reasonably satisfactory to Company, that such offer, sale, transfer or other disposition will not require registration of such securities under the Securities Act.

(ii) He/she understands that the shares of Common Stock must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. He/she has been advised or is aware of the provisions of Rule 144, which permits limited resale of shares subject to the satisfaction of certain conditions, and understands that such Rule is not now, and may not become, available for resale of the shares of Common Stock.

(iii) He/she is familiar with the Company's business, management and financial affairs. He/she has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Common Stock and of making an informed decision. He/she recognizes that the purchase of the Common Stock involves a substantial degree of risk, and he/she has the financial ability to bear the economic risk of this investment. He/she has adequate means for providing for any current needs and contingencies and has no need for liquidity with respect to such investment in the Company. He/she has determined that the Common Stock is a suitable investment and at this time he/she can bear a complete loss of such investment.

Very truly yours,

_____

MISTRAS GROUP, INC.
2009 LONG-TERM INCENTIVE PLAN

ARTICLE 1
GENERAL

1.1 Purpose. The purpose of the Plan is to provide a flexible vehicle for offering equity-based and other incentive opportunities designed to attract, motivate and retain eligible employees, directors and other eligible persons who contribute to the success of the Company and its Subsidiaries and thereby enhance shareholder value.

1.2 Eligibility. Awards may be granted under the plan to any present or future director, officer, employee, consultant or adviser of or to the Company or any of its Subsidiaries.

1.3 Duration of Plan. The Plan shall be effective upon the date of its adoption by the Board, subject to shareholder approval. Unless terminated sooner, the Plan will terminate upon the tenth anniversary of the date of its adoption by the Board. Any Awards outstanding when the Plan terminates will remain outstanding in accordance with their terms. No new Awards may be made after the termination of the Plan.

ARTICLE 2
DEFINITIONS

As used herein, the following terms shall have the meanings set forth below.

2.1 “Award” means a Company stock option or stock appreciation right (SAR) granted under Article 5, a restricted stock or restricted stock unit (RSU) granted under Article 6, a performance unit award granted under Article 7, any other stock based award granted under Section 8.1, and any performance based cash incentive award granted under Section 8.2.

2.2 “Beneficiary” means a person or entity (including, without limitation, a trust or estate) designated in writing by a Participant to succeed to the Participant’s Awards under the Plan, subject to the provisions hereof and of the applicable Award agreement, upon the Participant’s death. A Participant may designate a Beneficiary by delivering a written beneficiary designation to the Committee (or its designee) in such form and in such manner as the Committee (or its designee) may prescribe. Each Beneficiary designation duly filed with the Committee (or its designee) will have the effect of superseding and revoking any prior Beneficiary designation. If a Participant does not designate a Beneficiary or if no designated Beneficiary survives the Participant, then the Participant’s Beneficiary will be deemed to be his or her estate.

2.3 “Board” means the Board of Directors of the Company.

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

2.5 “Committee” means the Compensation Committee of the Board.

2.6 “Company” means Mistras Group, Inc., a Delaware corporation, and any successor thereto.

2.7 “Participant” means any person who has been selected to receive an Award under the Plan or who holds an outstanding Award under the Plan.

2.8 “Performance-Based Exception” means the performance-based exception from the tax deductibility limitation imposed by Code Section 162(m), as set forth in Code Section 162(m)(4)(C).

2.9 “Plan” means the Mistras Group, Inc. 2009 Long Term Incentive Plan, as it is set forth herein and as it may be amended from time to time.

2.10 “Share” means a share of common stock of the Company.

2.11 “Subsidiary” means (a) a corporation or other entity in an unbroken chain of corporations or other entities at least 50% of the total value or voting power of the equity securities of which is owned by the Company or by any other corporation or other entity in the chain, and (b) any other corporation or entity in which the Company has a 20% controlling interest, directly or indirectly, as may be designated by the Committee pursuant to the criteria set forth in Section 1.409A-1(b)(5)(iii)(E).

ARTICLE 3
ADMINISTRATION

3.1 General. Except as otherwise determined by the Board in its discretion, the Plan shall be administered by the Committee.

3.2 Authority of the Committee. Subject to the provisions of the Plan, the Committee, acting in its discretion, may select the persons to whom Awards will be made, prescribe the terms and conditions of each Award and make amendments thereto, construe, interpret and apply the provisions of the Plan and of any Award agreement, and make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the Plan. In exercising its responsibilities under the Plan, the Committee may obtain at the Company’s expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as it deems appropriate.

3.3 Delegation of Authority. Subject to the requirements of applicable law, the Committee may delegate to any person or group or subcommittee of persons (who may, but need not be members of the Committee) such Plan-related functions within the scope of its responsibility, power and authority as it deems appropriate. Without limiting the foregoing, the Committee may delegate to the Chief Executive Officer of the Company annual discretion to grant Awards to Employees for up to 228,632 Shares, and may delegate administrative duties to such person or persons as it deems appropriate. The Committee may not delegate its authority with respect to (a) non-ministerial actions with respect to individuals who are subject to the reporting requirements of Section 16(a) of the Exchange Act; (b) non-ministerial actions with respect to Awards that are intended to qualify for the Performance-Based Exception; and (c)

certifying the satisfaction of performance goals and other material terms attributable to Awards intended to qualify for the Performance-Based Exception.

3.4 Decisions Binding. All determinations and decisions made by the Committee pursuant to the Plan shall be final, conclusive, and binding on all persons.

3.5 Indemnification. The Company shall indemnify and hold harmless each member of the Committee and the Board and any employee or director of the Company or any Subsidiary to whom any duty or power relating to the administration or interpretation of the Plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including reasonable legal and other expenses incident thereto) arising out of or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

ARTICLE 4
SHARES SUBJECT TO THE PLAN;
INDIVIDUAL AWARD LIMITS

4.1 Number of Shares Issuable under the Plan. The Company may issue an aggregate of 2,286,318 Shares under the Plan, exclusive of Shares covered by the unexercised portion of an Award that terminates, expires, is canceled or is settled in cash, Shares forfeited or repurchased under the Plan, and Shares withheld or surrendered in order to pay the exercise or purchase price under an Award or to satisfy the tax withholding obligations associated with the exercise, vesting or settlement of an Award. Shares issued under the Plan may be either authorized and unissued Shares, or authorized and issued Shares held in the Company's treasury, or any combination of the foregoing.

4.2 Individual Award Limitations. No more than 1,143,159 Shares may be issued pursuant to Awards granted in a single calendar year to any individual Participant.

ARTICLE 5
STOCK OPTIONS;
STOCK APPRECIATION RIGHTS

5.1 Grant of Company Stock Options. Company stock options granted under the Plan will have such vesting and other terms and conditions as the Committee, acting in its discretion in accordance with the Plan, may determine, either at the time the option is granted or, if the holder's rights are not adversely affected, at any subsequent time. Each Company stock option will be deemed NOT to be an "incentive stock option" (within the meaning of Section 422 of the Code) unless and except to the extent it is specifically designated by the Committee as an "incentive stock option" at the time the option is granted. In accordance with Section 422(d) of the Code, an option that is otherwise intended to be an "incentive stock option" will be treated as an option that is not an "incentive stock option" to the extent that the aggregate fair market value of the Shares with respect to which options (under this Plan or under any other incentive stock option plan of the Company or any Subsidiary) are exercisable for the first time in any calendar year exceeds $100,000. If a Company stock option is designated as an "incentive stock option" and if part or all of the option does not qualify as an "incentive stock option," then the option, or

the portion of the option that does not so qualify, as the case may be, will nevertheless remain outstanding as if such designation had not been made.

5.2 Option Exercise Price; Fair Market Value. The purchase price per Share under each Company stock option may not be less than the fair market value per Share on the date the Option is granted. For the purposes of the Plan, the fair market value per Share on any relevant date shall be determined as follows: (a) if the Shares are not admitted to trading on a national securities exchange on such date, the value determined by the Committee acting in its discretion in accordance with the requirements of applicable tax law, or (b) if the Shares are admitted to trading on a national securities exchange on such date, (1) the closing price per Share on such date on the principal securities exchange on which the Shares are traded or, if no Shares are traded on that date, the closing price per Share on the next preceding date on which Shares are traded, or (2) the value determined under such other method or convention as the Committee, acting in a consistent manner in accordance with the Plan and applicable tax law, may prescribe. Notwithstanding the foregoing, the fair market value per Share on the date of the initial public offering of Shares shall be deemed to be the initial public offering price per Share.

5.3 Grant of Stock Appreciation Rights. The Committee may grant stock appreciation rights ("SARs"), either alone or in connection with the grant of a Company stock option, upon such vesting and other terms and conditions as the Committee, acting in its discretion in accordance with the Plan, may determine, either at the time the SARs are granted or, if a Participant's rights are not adversely affected, at any subsequent time. Upon exercise, the holder of an SAR shall be entitled to receive cash and/or a number of whole Shares having a fair market value equal to the product of *X* and *Y*, where—

X = the number of whole Shares as to which the SAR is being exercised, and

Y = the excess of (i) the fair market value per Share on the date of exercise over (ii) the fair market value per Share on the date the SAR is granted (or such greater base value as the Committee may prescribe at the time the SAR is granted).

5.4 Re-Pricing Prohibited. Company stock options and SARs granted under the Plan may not be re-priced in the absence of shareholder approval. In no event may an option or SAR be re-priced if such re-pricing would cause the option or SAR to become covered by Section 409A of the Code.

5.5 Duration of Company Stock Options and SARs. The Committee may establish such exercise, forfeiture and other conditions applicable to a Company stock option or SAR following the termination of a Participant's employment or other service with the Company and its Subsidiaries as the Committee deems appropriate on a grant-by-grant basis. Unless sooner terminated in accordance with its terms, a Company stock option or SAR granted under the Plan will automatically expire on the tenth anniversary of the date the option or SAR is granted.

5.6 Exercise of Company Stock Options. A Company stock option that is exercisable may be exercised by transmitting to the Secretary of the Company (or other person designated for this purpose by the Committee) a written notice identifying the option that is being exercised

and specifying the number of whole Shares to be purchased pursuant to that option, together with payment in full of the exercise price and the withholding taxes, if any, that are payable in connection with the exercise (unless and except to the extent that other arrangements satisfactory to the Company have been made for the satisfaction of such withholding taxes). The exercise price may be paid in cash or in any other manner the Committee, in its discretion, may permit, including, without limitation, (a) by the delivery of previously-owned Shares and/or withholding Shares otherwise issuable in respect of such exercise, (b) by a combination of a cash payment and delivery of previously-owned Shares and/or withholding of Shares pursuant to (a) above, or (c) pursuant to a cashless exercise program established and made available through a registered broker-dealer in accordance with the Federal Reserve Board's Regulation T and other applicable law. Any Shares transferred to the Company (or withheld upon exercise) in connection with the exercise of an option shall be valued at fair market value for purposes of determining the extent to which the exercise price (and/or related tax withholding obligation) is satisfied.

5.7 Exercise of SARs. An outstanding and exercisable SAR may be exercised by transmitting to the Secretary of the Company (or other person designated for this purpose by the Committee) a written notice identifying the SAR that is being exercised and specifying the number of Shares as to which the SAR is being exercised, together with payment in full of the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Company have been made for such payment. The Committee may impose such additional or different conditions for exercise of an SAR as it deems appropriate. No fractional Shares will be issued in connection with the exercise of an SAR.

5.8 Non-Transferability. Except as otherwise provided herein or permitted by the Committee, acting in its discretion, no Company stock option or SAR shall be assignable or transferable except upon the Participant's death to his or her Beneficiary, and, during a Participant's lifetime, a Company stock option or SAR may be exercised only by the Participant or the Participant's guardian or legal representative.

5.9 Rights as a Shareholder. The person shall not have the rights of a shareholder with respect to any Shares covered by a Company stock option or SAR unless and until the option or SAR, as the case may be, has been duly and validly exercised and such Shares have been issued to such person (either in certificated or book entry form).

ARTICLE 6
RESTRICTED STOCK;
RSU AWARDS

6.1 Grant of Restricted Shares and RSUs. Subject to the Plan, the Committee may grant restricted stock awards pursuant to which the Shares covered by the Awards will be issued in the name of the recipients at the time the Awards are made, and RSU awards pursuant to which the recipients may earn the right to receive Shares in the future. Shares covered by a restricted stock award and the right to receive Shares under an RSU award will be subject to such forfeiture conditions, transfer restrictions, other restrictions and/or conditions, if any, as the Committee may impose, which conditions and restrictions may lapse separately or concomitantly, at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and

under such other circumstances as the Committee may prescribe at the date of grant or, if the holder's rights are not adversely affected, thereafter.

6.2 Minimum Purchase Price for Shares. Unless the Committee, acting in accordance with applicable law, determines otherwise, the purchase price payable for Shares issued pursuant to a restricted stock award or an RSU award must be at least equal to the par value of the Shares.

6.3 Restricted Shares. Shares issued pursuant to a restricted stock award may be evidenced by book entries on the Company's stock transfer records pending satisfaction of the applicable vesting conditions. If a stock certificate for restricted Shares is issued, the certificate will bear an appropriate legend to reflect the nature of the conditions and restrictions applicable to the restricted Shares. The Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to the restricted Shares, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, in order to facilitate the transfer back to the Company of restricted Shares that are forfeited. Except to the extent restricted under the terms of the Plan or any applicable Award agreement, a Participant who holds restricted Shares shall have all of the rights of a shareholder with respect to said Shares, including the right to vote the Shares and the right to receive dividends thereon (subject to any mandatory reinvestment, forfeiture condition or other requirements as the Committee may prescribe).

6.4 Shares Covered by RSU Awards. No Shares will be issued pursuant to an RSU Award (a) unless, in accordance with its terms, the Award will be settled in the form of Shares, and (b) until all of the conditions of the Award for the issuance of such Shares have been fully satisfied. The holder of an RSU Award shall have no rights as a shareholder with respect to Shares covered by the Award unless and until the Award vests and the Shares are issued; provided, however, that the Committee may provide that such holder will receive dividend equivalents (in the form of cash or Shares) equal to the dividends that would have been payable with respect to the Shares covered by the Award if such Shares were outstanding, upon such terms and subject to such vesting and other conditions as the Committee may prescribe, including, without limitation, conditions required in order to comply with the applicable distribution timing and other requirements of Section 409A of the Code.

6.5 Non-Transferability. Except as otherwise contemplated with respect to deceased Participants or as otherwise permitted by the Committee, acting in its discretion, no restricted stock Award, RSU Award or restricted Shares outstanding pursuant to a restricted stock Award may be sold, assigned, transferred, disposed of, pledged or otherwise hypothecated other than to the Company or its designee in accordance with the terms of the Award or of the Plan, and any attempt to do so shall be null and void and, unless the Committee determines otherwise, shall result in the immediate forfeiture of the Award or the restricted Shares, as the case may be.

6.6 Termination of Service Before Vesting; Forfeiture. Unless otherwise specified in the Award agreement or otherwise subsequently determined by the Committee, unvested restricted stock awards and deferred stock awards and restricted Shares will be forfeited and canceled upon a Participant's termination of employment or other service with the Company and its Subsidiaries. If restricted Shares are forfeited, any certificate representing such shares or book entry for such Shares will be canceled on the books and records of the Company, subject, in the

case of restricted Shares, to any right the holder may have pursuant to the terms of the Award to receive from the Company an amount equal to any cash purchase price previously paid for such Shares.

6.7 Special Tax Rules for Settlement of Deferred Stock Awards. Each deferred stock award may provide that settlement of the Award, in the form of Shares or cash, will occur on any date from the date the Award becomes vested until the 15th day of the third month following the calendar year in which the Award becomes vested, or at such other time and in such other manner as to avoid being covered by Section 409A of the Code. Alternatively, the Award may that, if the Award becomes vested, settlement will be deferred until at a later date or the occurrence of a subsequent event, provided that the deferral election(s) and designated settlement date(s) or event(s) applicable to the Award, as well as the Award agreement itself, satisfy the election, distribution timing and documentation requirements of Section 409A of the Code.

6.8 Issuance of Vested Shares. The holder of a restricted stock award and, to the extent settled in the form of Shares, the holder of a deferred stock award that becomes vested and payable will be entitled to receive Shares (in certificated or book entry form) free and clear of conditions and restrictions (except as may be imposed in accordance with the terms of the Award or in order to comply with applicable law), subject, however, to the payment or satisfaction of applicable withholding taxes. The delivery of vested Shares covered by a deferred stock award may be deferred if and to the extent permitted by Section 6.7 (relating to compliance with Section 409A of the Code) and the terms of the applicable Award.

ARTICLE 7
PERFORMANCE UNIT AWARDS

7.1 Grant of Performance Units. Subject to the Plan, the Committee may grant performance unit awards, with each performance unit representing the right to receive a cash payment equal to the fair market value (determined by the Committee in accordance with Section 5.2) of one Share, subject to such performance-based vesting and other terms and conditions as the Committee may prescribe.

7.2 Settlement of Performance Units. Unless the Committee determines otherwise at the time a performance unit award is granted, settlement of the performance units covered by the Award shall be made in a single lump sum cash payment as soon as practicable after the close of the applicable performance period or the satisfaction of the applicable performance goal(s), but in no event later than the 15th day of the third month of the calendar year following the calendar year in which the performance units become vested. Any different settlement method or settlement date must satisfy the distribution timing and form of payment requirements of Section 409A of the Code.

7.3 Rights as a Shareholder. No person will have any rights as a shareholder with respect to Shares covered by a performance unit award unless and until the Award becomes vested and the Shares are issued to such person. At the discretion of the Committee, the holder of a performance unit award may be entitled to receive dividend equivalents (in the form of cash or Shares) equal to the dividends that would have been payable with respect to the Shares covered by the Award if such Shares were outstanding, upon such terms and subject to such vesting and

other conditions as the Committee may prescribe, including, without limitation, conditions required in order to comply with the applicable distribution timing and other requirements of Section 409A of the Code.

ARTICLE 8
OTHER AWARDS

8.1 Other Stock-Based Awards. Subject to applicable law, the Committee, acting in its discretion, may grant such other forms of Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares or factors that may influence the value of the Shares, as the Committee may deems appropriate, including, without limitation, stock bonuses, dividend equivalents (either alone or in conjunction with other Awards), convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, and Share-based Awards designed to comply with or take advantage of applicable laws outside of the United States. All such other stock based Awards will be made upon such terms and conditions as the Committee may prescribe. In addition, cash incentive Awards, including annual incentive Awards and long-term incentive Awards, denominated and settled in cash, may be granted under this Section, which Awards may be earned at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and under such other circumstances as the committee may determine at the date of grant or thereafter.

8.2 Cash Incentive Awards. The Committee may make annual and/or long-term incentive Awards under the Plan pursuant to which a Participant may earn the right to receive a cash payment conditioned upon the achievement of specified performance objectives established by the Committee and communicated to the Participant within 90 days after the beginning of the applicable performance period or before 25% of the applicable performance period has elapsed. No Participant may earn a cash incentive Award under this Section 8.2 for any calendar year in excess of an amount equal to the lesser of (a) $5,000,000, or (b) four (4) times the Participant's annual salary for such calendar year. Any cash incentive Awards earned by a Participant under the Plan will be payable in the form of a single sum cash payment at or as soon as practicable after the expiration of the applicable performance period or the satisfaction of the applicable performance vesting conditions, but in no event later than the 15th day of the third month of the year following the calendar year in which such performance period ends or such performance vesting conditions are satisfied. Notwithstanding the foregoing, the Committee may require or permit the deferred payment and/or installment payout of all or part of any such cash incentive Award if (and only if) the terms and conditions applicable to such deferred or installment payout comply with the distribution election and distribution timing requirements of Section 409A of the Code.

ARTICLE 9
AWARD AGREEMENTS

9.1 General. Each Award made under the Plan shall be evidenced by an agreement entered into by the Company and the Participant or another instrument prepared by the Company in lieu of such an agreement, setting forth the terms and conditions applicable to the Award, which may be in hard copy, electronic or such other form as the Company may permit.

9.2 Restrictions on Transfer. Subject to the provisions of the Plan, each Award agreement shall set forth such restrictions on the transferability of the Award and on the transferability of Shares acquired pursuant to the Award as the Committee may prescribe, including, without limitation, restrictions under applicable securities laws, under the requirements of any stock exchange or market upon which the Shares are then listed and/or then traded, and under any blue sky or state securities laws applicable to such Shares.

9.3 Uniformity Not Required. The provisions of the Award agreements need not be uniform among all Awards, among all Awards of the same type, among all Awards granted to the same Participant, or among all Awards granted at the same time.

ARTICLE 10
PERFORMANCE MEASURES

10.1 Performance Criteria. Unless and until the Company's shareholders approve a change in the general performance measures set forth in this Article, the measures that may be used to determine the degree of payout and/or vesting with respect to Awards that are designed to qualify for the Performance-Based Exception shall be chosen from among the following, in a manner that is consistent with the requirements of Section 1.162-27(e)(2) of the Treasury Regulations (relating to the performance goal requirement of Section 162(m) of the Code):

(a) Income measures (including, but not limited to, gross profit, operating income, earnings before or after taxes, or earnings per share);

(b) Return measures (including, but not limited to, return on assets, investment, equity, or sales);

(c) Cash flow return on investments, which equals net cash flows divided by owners equity;

(d) Earnings per common share;

(e) Gross revenues;

(f) Debt measures (including, without limitation, debt multiples);

(g) Marked value added;

(h) Economic value added; and

(i) Share price (including, but not limited to, growth measures and total shareholder return).

10.2 Permitted Discretion. The Committee shall have the discretion to adjust the determinations of the degree of attainment of the pre-established performance goals; provided that Awards that are designed to qualify for the Performance-Based Exception may not be adjusted upward (although the Committee shall retain the discretion to adjust such Awards downward).

10.3 Certification. In the case of any Award that is granted subject to the condition that a specified performance measure be achieved, no amount shall be payable pursuant to the Award unless and until the Committee certifies in writing that the performance measure has been achieved. For this purpose, approved minutes of the Committee meeting at which the certification is made shall be treated as a written certification. No such certification is required, however, in the case of an Award that is based solely on an increase in the value of a Share from the date such Award was made.

ARTICLE 11
CAPITAL CHANGES; SALE EVENTS

11.1 Adjustments in Authorized Shares. In the event of a stock split, reverse stock split, split-up, spin-off, stock dividend, recapitalization, consolidation of shares or similar capital change, the Committee shall make such adjustments to the number and class of shares that may be issued under the Plan pursuant to Section 4.1, the number and class of Shares that may be issued pursuant to annual Awards granted to any Participant pursuant to Section 4.2, the number, class and/or purchase or base price of Shares subject to outstanding Awards, as the Committee, in its discretion, deems appropriate and equitable in order to prevent dilution or enlargement of the benefits available under the Plan and of the rights of Participants or to otherwise comport with the intent and purposes of the Plan; provided that the number of Shares subject to any Award shall always be a whole number. The Committee shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event, as the Committee, in its discretion, deems appropriate and equitable. Any determination or adjustment made by the Committee under this Section shall be binding and conclusive on all persons.

11.2 Effect of Sale Event. If a "Sale Event" (within the meaning of Section 11.5) occurs, then, except as otherwise specifically provided by the applicable Award agreement (or any other applicable agreement approved by the Committee and made by the Company or a Subsidiary with the Participant to whom an Award was granted) each Award outstanding under the Plan immediately prior to the Sale Event will be either assumed and continued in accordance with Section 11.3 or terminated in accordance with Section 11.4.

11.3 Adjustment and Continuation of Award. Subject to Section 11.3, if a "Sale Event" occurs, the parties to the Sale Event may agree that any Company stock option, SAR, restricted stock deferred stock or other Award outstanding under the Plan immediately prior to the Sale Event shall, at the effective time of the Sale Event, be assumed and continued on substantially the same vesting and other terms and conditions as a like Award with respect to shares of common stock of the successor or acquiring company (or a parent company). If a Company stock option or SAR is assumed, the number of shares and exercise or base price per share covered by the assumed Award will be adjusted in accordance with the principles set forth in Sections 1.424-1(a)(5) and 1.409A-1(b)(5)(v)(D) of the Treasury Regulations. If a restricted stock, deferred stock or other Award is assumed, the number of shares covered by the assumed Award will be a whole number that reflects the exchange ratio or value of the transaction consideration applicable with respect to holders of Shares in connection with the Sale Event. Notwithstanding the foregoing, if a Participant's employment or other service is terminated by the Company or a

successor or acquiring company (or any of its or their affiliates) for reasons other than "cause" within two years after the Sale Event, any then outstanding assumed Awards held by such terminated Participant shall immediately become fully vested and exercisable or payable, as the case may be. For this purpose, the term "cause" means (a) a willful failure to substantially perform the duties and responsibilities of a Participant's employment or other service (for reasons other than physical or mental illness) after reasonable notice thereof to the Participant; (b) a Participant's misconduct that causes or is reasonably likely to cause material harm to the business or reputation of the Company or any successor or acquiring company (or any of their respective affiliates) or that prevents or materially interferes with ability of the Participant to carry out the carry out the duties and responsibilities of the Participant's employment or other service; (c) a Participant's conviction of, or entering into a plea of *nolo contendere* to, a felony; or (d) the material breach by a Participant of any material written restrictive covenant or agreement made by the Participant with the Company or any successor or acquiring company (or any of their respective affiliates).

11.4 Termination of Award. Subject to Section 11.2, any Award outstanding under the Plan immediately prior to a Sale Event that is not assumed pursuant to the preceding section will be terminated at the effective time of the Sale Event. If the terminated Award is a restricted stock Award, then the restricted Shares covered by the Award immediately prior to the effective time of the Sale Event will become fully vested and will participate in the Sale Event on the same basis as other outstanding Shares. If the terminated Award is in a form other than a restricted stock Award, then the holder of the terminated Award will be entitled to receive at the effective time of the Sale Event a single sum payment equal to the excess, if any, of the transaction value of the Shares that are then covered by the Award over the aggregate exercise or base price (in the case of a Company stock option or SAR) or other purchase price or threshold value (if any, in the case of any other form of Award) for or with respect to such Shares, in each case as if the Award had been fully vested immediately prior to the Sale Event. No consideration will be payable in respect of the termination of a Company stock option or SAR with an exercise or base price per Share that is not more than the transaction value per Share. The amount payable with respect to the termination of an outstanding Award pursuant to this section will be paid in cash, unless the parties to the Sale Event agree that some or all of such amount will be payable in the form of freely tradable shares of common stock of the successor or acquiring company (or a parent company).

11.5 Definition of Sale Event. For the purposes of the Plan, a "Sale Event" will be deemed to have occurred if (a) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), other than the Company, Mr. Sotirios Vahaviolos, any employee benefit plan of the Company, any entity owned directly or indirectly by the shareholders of the Company in substantially the same proportion as their ownership of stock of the Company or any person who becomes a beneficial owner directly or indirectly of securities of the Company pursuant to a transaction described in (b) below, becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 40% or more of the combined voting power of the Company's then outstanding voting securities; or (b) there shall have been consummated a consolidation, merger or reorganization of the Company, unless (1) the stockholders of the Company immediately before such consolidation, merger or

reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation or other entity resulting from such consolidation, merger or reorganization, (2) individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute a majority of the board of directors of the surviving corporation or of a corporation directly or indirectly beneficially owning a majority of the voting securities of the surviving corporation, and (3) no person beneficially owns more than 50% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (A) the Company or a subsidiary of the Company, (B) an employee benefit plan maintained by the Company, the surviving corporation or any subsidiary, or (C) the beneficial owner of 50% or more of the combined voting power of the outstanding voting securities of the Company immediately prior to such consolidation, merger or reorganization); or (c) the stockholders of the Company approve the complete liquidation or dissolution of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (other than to an entity described in (b) above).

11.6 Non-employee Director Awards. With respect to Awards granted to a non-employee director that are assumed or substituted for in connection with a Sale Event, if on the date of or following such assumption or substitution the Participant's status as a director or a director of the successor corporation, as applicable, is terminated for any reason, then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and RSUs will lapse, and, with respect to Performance Units and Performance Shares, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

11.7 No Fractional Shares. In the event of any adjustment in the number of shares covered by any Award pursuant to the provisions hereof, any fractional shares resulting from such adjustment shall be disregarded, and each converted Award shall cover only the number of full shares resulting from the adjustment.

11.8 Determination of Board to be Final. All adjustments under this Article shall be made by the Board as constituted immediately prior to the Change in Control, and its determination as to what adjustments shall be made, and the extent thereof, shall be binding and conclusive.

11.9 Section 409A. Notwithstanding any provision of the Plan to the contrary, to the extent an Award shall be deemed to be vested or restrictions lapse, expire or terminate upon the occurrence of a Change in Control and such Change in Control does not constitute a "change in the ownership or effective control" or a "change in the ownership or a substantial portion of the assets" of the Company within the meaning of Code Section 409A(a)(2)(A)(v), then even though such Award may be deemed to be vested or restrictions lapse, expire or terminate upon the occurrence of the Change in Control, settlement will be delayed, to the extent necessary to comply with the provisions of Code Section 409A.

ARTICLE 12
AMENDMENT AND TERMINATION

12.1 Amendment and Termination. Subject to the terms of the Plan, the Board may at any time and from time to time, alter, amend, suspend, or terminate the Plan in whole or in part; provided that, unless the Committee specifically provides otherwise, any revision or amendment that would increase the number of Shares issuable under the Plan (other than an increase made in accordance with Section 11.1) or that would otherwise cause the Plan to fail to comply with any requirement of applicable law, regulation, listing requirement or rule if such amendment were not approved by the shareholders of the Company, shall not be effective unless and until shareholder approval is obtained.

12.2 Outstanding Awards. Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, or modification of the Plan shall cause any then outstanding Award to be forfeited or altered in a way that adversely affects a Participant without the consent of the Participant.

ARTICLE 13
TAX WITHHOLDING

13.1 Tax Withholding. The Company's obligation to make payments or issue unrestricted Shares in connection with any Award shall be subject to and conditioned upon the satisfaction by the holder of applicable tax withholding obligations. The Company and its Subsidiaries may require a Participant to remit an amount sufficient to satisfy applicable withholding taxes or deduct or withhold such amount from any payments otherwise owed the Participant (whether or not under the Plan).

13.2 Withholding of Shares. The Committee, acting in its discretion, may allow a Participant to elect to satisfy such withholding tax obligation in whole or in part by having the Company withhold Shares that would otherwise be issued (or by returning Shares that have been issued) to the Participant with an aggregate fair market value (as of the date the withholding is effected) that is not greater than the minimum amount of such statutory tax withholding obligation.

ARTICLE 14
MISCELLANEOUS

14.1 Successors. All obligations of the Company with respect to Awards granted under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

14.2 Legal Construction. If any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

14.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

14.4 Provisions for Foreign Participants. The Board may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish sub-plans or procedures under the Plan to recognize differences in laws, rules, regulations or customs of foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

14.5 Limitation of Rights. The Plan shall not interfere with or limit in any way the right of the Company or of any Subsidiary to terminate any person's employment or other service at any time, and the Plan shall not confer upon any person the right to continue in the employ or other service of the Company or any Subsidiary. No employee, director or other person shall have any right to be selected to receive an Award or, having been so selected, to be selected to receive a future Award.

14.6 Decisions and Determinations Final. All decisions and determinations made by the Board pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the Board, all decisions and determinations of the Committee, shall be final, binding and conclusive on all persons.

14.7 Section 409A Compliance. Notwithstanding any other provisions of the Plan or any Award agreement, no Award shall be granted, deferred, accelerated, extended, settled or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code. If the Committee reasonably determines that, as a result of Section 409A of the Code, the exercise or settlement of an Award may not be made at the time contemplated by the terms of the Plan or the relevant Award agreement, as the case may be, without causing the imposition of additional tax under Section 409A of the Code, the Committee may take such actions as it determines are necessary or appropriate in order to comply with, or exempt the Award from coverage by Section 409A of the Code, which action may include, without limitation, delaying payment to a Participant who is a "specified employee" within the meaning of Section 409A of the Code until the first day following the six-month period beginning on the date of the Participant's termination of employment or other service with the Company and its Subsidiaries (or the Participant's earlier death). Neither the Company, the Committee nor any employee, director or representative of the Company or of any of its affiliates shall have any liability to any Participants with respect to this section.

14.8 Governing Law. The Plan and all Award agreements shall be construed in accordance with and governed by the laws of the State of Delaware (without regard to the legislative or judicial conflict of laws rules of any state).

MISTRAS GROUP, INC.
STOCK OPTION AGREEMENT

AGREEMENT made as of the _____ day of _____, 20_____, by and between MISTRAS GROUP, INC. (the "Company"), and _____ (the "Participant").

1. Grant of Option. In accordance with the Mistras Group, Inc. 2009 Long-Term Incentive Plan (the "Plan"), the Company grants to the Participant an option to purchase up to _____ shares of the Company's common stock (the "Common Stock") upon the terms and conditions set forth in this Agreement and the Plan. Capitalized terms that are used but not defined in this Agreement shall have the meanings ascribed to them by the Plan.

2. Incentive Stock Option Status. The Option is [not] intended to be treated as an "incentive stock option" within the meaning of Section Section 422 of the Internal Revenue Code of 1986.

3. Option Term. Unless terminated sooner in accordance with this Agreement or the Plan, the Option shall expire if and to the extent it is not exercised within ten years from the date hereof.

4. Vesting of Option. Except as otherwise provided herein or the Plan, the Option shall vest [ ]% _____ commencing on the first anniversary of the date hereof and the remaining [ ]% of the Shares subject to the Option shall vest in 36 equal monthly installments thereafter, subject to the Participant's continuous employment or other service with the Company or a Subsidiary on the applicable vesting date.

5. Termination of Employment. Unless the Committee, acting in its sole and absolute discretion, determines otherwise, upon the termination of the Participant's employment and other service with the Company and its Subsidiaries ("Termination of Employment"):

(a) that portion of the Option that is not then vested and exercisable will immediately terminate; and

(b) that portion of the Option that is then vested and exercisable will terminate (1) 90 days following the Termination of Employment if the Participant's employment or other service is terminated for any reason other than death, "Disability" (as defined below) or "Cause" (as defined in the Plan), (2) one year following the Termination of Employment if the Participant's employment or other service is terminated by reason of the Participant's death or Disability, and (3) immediately upon Termination of Employment if the Participant's employment is terminated by the Company or a Subsidiary for Cause. For the purpose hereof, the Participant's employment will be deemed to be terminated due to "Disability" if such employment is terminated by the Company or a Subsidiary by reason of the Participant's being unable to perform the duties of the Participant's employment by reason of a physical or mental illness or injury that is expected to result in death or to last indefinitely, as determined by a duly licensed physician selected by the Company.

Notwithstanding the provisions of this Section, in no event may the Option be exercised after the expiration of its stated term or before it become vested and exercisable.

6. Exercise Procedures. If and to the extent the Option is vested and exercisable, it may be exercised by transmitting to the Secretary of the Company (or other person designated by the Committee) (a) a written notice specifying the number of whole shares to be purchased pursuant to the exercise of the Option, (b) payment in full of the exercise price and the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Committee, in its sole and absolute discretion, have been made for such payments, and (c) such other documents or information as the Committee may prescribe in connection with the administration of the Plan. The exercise price may be paid in cash or in any other manner the Committee, in its discretion, may permit, including, without limitation, (a) by the delivery of previously-owned Shares, (b) by a combination of a cash payment and delivery of previously-owned Shares, or (c) pursuant to a cashless exercise program established and made available through a registered broker-dealer in accordance with the Federal Reserve Board's Regulation T and other applicable law.

7. Nontransferability. Except as otherwise permitted by the Committee in accordance with the Plan, the Option is not assignable or transferable other than to a beneficiary designated to receive the Option upon the Participant's death or by will or the laws of descent and distribution, and the Option shall be exercisable during the lifetime of the Participant only by the Participant (or, in the event of the Participant's incapacity, the Participant's legal representative or guardian). Any attempt by the Participant or any other person claiming against, through or under the Participant to cause the Option or any part of it to be transferred or assigned in any manner and for any purpose not permitted hereunder or under the Plan shall be null and void and without effect upon the Company, the Participant or any other person.

8. Rights as a Stockholder. No shares of Common Stock shall be sold, issued or delivered hereunder until full payment for such shares has been made (including, for this purpose, satisfaction of the applicable withholding tax). The Participant shall have no rights as a stockholder with respect to any shares covered by the Option unless and until the Option is exercised and the shares covered by the exercise of the Option are issued in the name of the Participant. Except as otherwise specified, no adjustment shall be made for dividends or distributions of other rights for which the record date is prior to the date such shares are issued.

9. Provisions of the Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan and to such rules, regulations and interpretations as may be established or made by the Committee acting within the scope of its authority and responsibility under the Plan. The Participant acknowledges receipt of a copy of the Plan prior to execution of this Agreement. The applicable provisions of the Plan shall govern in any situation where this Agreement is silent or where the applicable provisions of this Agreement are contrary to or not reconcilable with such Plan provisions.

10. No Employment Rights. Nothing contained herein or in the Plan shall confer upon the Participant any right with respect to the continuation of the Participant's employment or other service with the Company or a Subsidiary or interfere in any way with the right of the Company and its Subsidiaries at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the Participant's compensation and any other terms and conditions of the Participant's employment or other service.

11. Withholding. The Company's obligation to issue shares of Common Stock pursuant to the exercise of the Option shall be subject to and conditioned upon the satisfaction by the Participant of applicable tax withholding obligations. The Company and its Subsidiaries may require the Participant to remit an amount sufficient to satisfy applicable withholding taxes or deduct or withhold such amount from any payments otherwise owed the Participant (whether or not under this Agreement or the Plan). The Participant expressly authorizes the Company to deduct from any compensation or any other payment of any kind due to the Participant, including withholding the issuance of shares of Common Stock, the amount of any federal, state, local or foreign taxes required by law to be withheld as a result of the exercise of the Option; provided, however, that the value of the shares withheld may not exceed the statutory minimum withholding amount required by law.

12. Committee Authority. The Committee under the Plan shall have complete discretion in the exercise of its rights, powers, and duties under this Agreement. Any interpretation or construction of any provision of, and the determination of any question arising under, this Agreement shall be made by the Committee in its discretion and such exercise shall be final, conclusive, and binding. The Committee may designate any individual or individuals to perform any of its functions hereunder.

13. Successors. This Agreement shall be binding upon, and inure to the benefit of, any successor or successors of the Company, the Participant and any beneficiary of the Participant.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be amended, except as provided in the Plan, other than by a written instrument executed by the parties hereto.

15. Governing Law. All rights and obligations under this Agreement and the Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

MISTRAS GROUP, INC.

By: _____

_____

Participant

MISTRAS GROUP, INC.
RESTRICTED STOCK AGREEMENT

AGREEMENT made as of the ___ day of _____, 20___, by and between MISTRAS GROUP, INC. (the "Company"), and _____(the "Participant").

1. Award. In accordance with the Mistras Group, Inc. 2009 Long-Term Incentive Plan (the "Plan"), the Company has made a restricted stock award to the Participant for _____ shares of the Company's common stock (the "Shares"). The award and the Shares are subject to the provisions of the Plan and, to the extent not inconsistent with the Plan, the terms and conditions of this Agreement. Capitalized terms that are used but not defined in this Agreement shall have the meanings ascribed to them by the Plan.

2. Vesting of Shares. Except as otherwise provided herein or the Plan, the Shares will become vested in _____ equal annual installments commencing on the first anniversary of the date hereof, subject to the Participant's continuous employment or other service with the Company or a Subsidiary on the applicable vesting date.

3. Termination of Employment—Forfeiture of Unvested Shares. Unless the Committee, acting in its sole and absolute discretion, determines otherwise, upon the termination of the Participant's employment and other service with the Company and its Subsidiaries ("Termination of Employment"), the Participant will forfeit all right, title and interest in the unvested Shares. If unvested Shares are forfeited, any certificate or book entry for such Shares will be automatically canceled on the books and records of the Company without further action by the Participant.

4. Transfer Restrictions. The Participant may not sell, assign, transfer, pledge, hedge, hypothecate, encumber or dispose of in any way (whether by operation of law or otherwise) any unvested Shares, and unvested Shares shall not be subject to execution, attachment or similar process. Any attempt by the Participant or any other person claiming against, through or under the Participant to cause unvested Shares to be transferred or assigned in any manner and for any purpose not permitted hereunder or under the Plan shall be null and void and without effect upon the Company, the Participant or any other person.

5. Dividends and Voting Rights. **[**No dividends will be payable on unvested Shares; however, the Participant will be credited with dividend equivalents equal to the amount or value of the dividends that would have been paid on the unvested Shares if they were vested. The dividend equivalents, if any, will be credited to a bookkeeping account in the name of the Participant. The "dividend equivalent" amounts will be subject to substantially the same vesting, forfeiture and other terms and conditions applicable to the corresponding unvested Shares. Dividend equivalent amounts credited with respect to unvested Shares that become vested will be payable to the Participant within 90 days after the date the corresponding unvested Shares become vested.**]** The Participant will be entitled to exercise voting rights with respect to the unvested Shares.

6. Issuance of Shares; Removal of Restrictions and Conditions. The Participant is the record owner of the Shares on the Company's books, subject to the restrictions and

conditions set forth in this Agreement. By executing this Agreement, the Participant expressly authorizes the Company to cancel, reacquire, retire or retain, at its election, any unvested Shares if and when they are forfeited in accordance with this Agreement. The Participant will execute and deliver such other documents and take such other actions, if any, as the Company may reasonably request in order to evidence such action with respect to any unvested Shares that are forfeited. If, as and when Shares become vested, and subject to the satisfaction of applicable withholding and other legal requirements, the vested Shares will no longer be subject to the transfer restrictions and other conditions contained in this Agreement and the Company's books and, as applicable, stock certificates representing the Shares will be updated accordingly.

7. Withholding. Notwithstanding anything to the contrary contained herein, the vesting of Shares covered by this Agreement shall be subject to and conditioned upon the satisfaction by the Participant of applicable tax withholding obligations. The Company and its Subsidiaries may require the Participant to remit an amount sufficient to satisfy applicable withholding taxes or deduct or withhold such amount from any payments otherwise owed the Participant (whether or not under this Agreement or the Plan). The Participant expressly authorizes the Company to deduct from any compensation or any other payment of any kind due to the Participant, including withholding otherwise vested Shares, for the amount of any federal, state, local or foreign taxes required by law to be withheld in connection with the vesting of Shares; provided, however, that the value of the shares withheld may not exceed the statutory minimum withholding amount required by law.

8. Provisions of the Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan and to such rules, regulations and interpretations as may be established or made by the Committee acting within the scope of its authority and responsibility under the Plan. The Participant acknowledges receipt of a copy of the Plan prior to execution of this Agreement. The applicable provisions of the Plan shall govern in any situation where this Agreement is silent or where the applicable provisions of this Agreement are contrary to or not reconcilable with such Plan provisions.

9. No Employment Rights. Nothing contained herein or in the Plan shall confer upon the Participant any right with respect to the continuation of the Participant's employment or other service with the Company or a Subsidiary or interfere in any way with the right of the Company and its Subsidiaries at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the Participant's compensation and any other terms and conditions of the Participant's employment or other service.

10. Committee Authority. The Committee under the Plan shall have complete discretion in the exercise of its rights, powers, and duties under this Agreement. Any interpretation or construction of any provision of, and the determination of any question arising under, this Agreement shall be made by the Committee in its discretion and such exercise shall be final, conclusive, and binding. The Committee may designate any individual or individuals to perform any of its functions hereunder.

11. Successors. This Agreement shall be binding upon, and inure to the benefit of, any successor or successors of the Company, the Participant and any beneficiary of the Participant.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be amended, except as provided in the Plan, other than by a written instrument executed by the parties hereto.

13. Governing Law. All rights and obligations under this Agreement and the Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

MISTRAS GROUP, INC.

By: _____

_____

Participant

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated August 24, 2009, relating to the financial statements and financial statement schedules of Mistras Group, Inc. which appears in such Registration Statement. We also consent to the references to us under the headings “Experts” and “Selected Financial Data” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, NJ
September 21, 2009

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September 21, 2009

VIA EDGAR AND FEDERAL EXPRESS

Ms. Pamela A. Long
Assistant Director
U.S. Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Mail Stop 4631
Washington, D.C. 20549-7010

Re: Mistras Group, Inc.
Registration Statement on Form S-1
Filed June 10, 2008
File No. 333-151559

Dear Ms. Long:

On behalf of Mistras Group, Inc. (the "Registrant"), we hereby submit to you Amendment No. 4 ("Amendment No. 4") to the Registrant's above-referenced Registration Statement on Form S-1 (the "Registration Statement"), reflecting changes made in response to the comments of the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") contained in the letter of Pamela A. Long dated September 17, 2009 to Sotirios J. Vahaviolos, Ph.D., pertaining to Amendment No. 3 to the Registration Statement, and our conversations with Craig Slivka, Staff Attorney, and Mindy Hooker, Staff Accountant, on Friday, September 18, 2009.

All responses to the Staff's comments set forth in this letter are submitted on behalf of the Registrant at its request. All responses to the accounting comments were prepared by the Registrant in consultation with its independent auditors. To facilitate your review, we have set forth in this letter each of the Staff's comments with the Registrant's corresponding response below. We have marked the enclosed Amendment No. 4 to show changes and all references to page numbers below pertain to the page numbers in the marked version of Amendment No. 4 submitted herewith.

FN(2) to Summary historical consolidated financial data, page 12

1. *We note your disclosure that stock compensation expense is a "non-cash expense that management does not use in assessing operational performance because it does not affect [your] ability to generate free cash flow or invest in [your] business." It is unclear from this disclosure whether you are implying that Adjusted EBITDA is a liquidity measure.*

Please revise your disclosures to clarify. In this regard, it does not appear that your 2009 Adjusted EBITDA measure is an appropriate liquidity measure given that the legal settlement adjustment relates to an actual cash expenditure. Refer to Item 10(e)A of Regulation S-K.

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see pages 12, 42 and 65 of Amendment No. 4.

2. *We also note that "some financial covenants in your credit agreement require you to maintain financial ratios calculated based upon a measure with adjustment to EBITDA of a type substantially similar to the adjustments incorporated into adjusted EBITDA." If this is a material debt covenant this discussion should more appropriately be included in your liquidity disclosures. See our comment below.*

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page 12, 42 and 65 of Amendment No. 4.

Management's discussion and analysis of financial condition and results of operations
Overview, page 44

3. *We note your disclosure on page 45 suggesting that despite the global economic downturn's impact on your revenue and profitability in 2009, you may not be as negatively affected in the future. Please expand upon this discussion.*

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page 45 of Amendment No. 4.

Liquidity and Capital Resources
Cash Balance and Credit Facility Borrowings, page 64

4. *We note your disclosure that your credit facility contains financial covenants. If it is reasonably likely that you may not comply with a material covenant, please present actual ratios and other actual amounts versus minimum/maximum ratios/amounts required as of each reporting date. Such presentation will allow investors to more easily understand your current ability to meet your financial covenants. It may also be necessary to show specific computations used to arrive at the actual ratios with corresponding reconciliations to US GAAP amounts, if applicable. See Sections I.D and IV.C of the SEC Interpretive Release No. 33-8350 and Question 10 of our FAQ Regarding the Use of Non-GAAP Financial Measures dated June 13, 2003.*

Response: The Registrant supplementally advises the Staff that because the Registrant does not believe it is reasonably likely that it may not comply with a material covenant during the term of its credit facility, it has not added the additional disclosure requested by the Staff.

Critical Accounting Estimates, page 68

5. *We note that you have identified accounts receivable, foreign currency translation, goodwill and intangible assets, impairment of long-lived assets, derivative financial instruments, and income taxes as those accounting policies which involve a greater degree of judgment and complexity. Please revise your critical accounting policy disclosures where appropriate to provide quantitative and qualitative disclosure of each estimate's specific sensitivity to change, based on other outcomes that are reasonably likely to occur and would have a material effect on your financial statements. Refer to Section V of the Commission's Guidance Regarding Management's Discussion and Analysis of Financial Condition and Results of Operations (Release 33-8350/34-48960) issued December 19, 2003.*

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see pages 69, 70 and 71 of Amendment No. 4.

6. *In the interest of providing readers with better insight into management's judgments in accounting for goodwill, ensure your expanded disclosures include the following:*

- *Identify the reporting unit level at which you test goodwill for impairment and your basis for that determination;*
- *Provide a quantitative discussion of each of the material assumptions used and a sensitivity analysis of those assumptions based upon reasonably likely changes;*
- *Provide a qualitative and quantitative discussion of any reporting units that are at risk for impairment, including the amount of goodwill allocated to those units;*
- *Address whether the assumptions and methodologies used for valuing goodwill in the current year have changed since the prior year highlighting the impact of any changes;*
- *Provide quantitative information regarding any significant known trends, and;*
- *Any material and useful information that you gather and analyze regarding the risks of recoverability of your assets.*

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page 70 of Amendment No. 4. Based on the Registrant's internal projections the value of the Registrant's reporting units materially exceeds its carrying value. The Registrant believes that a significant modification to the key assumptions used in building the discounted cash flow model would need to occur for the reporting units to be as risk of impairment. The Registrant used a third party valuation firm to assist with its analysis.

7. *With regard to your assessment of long-lived assets for impairment, ensure your expanded disclosures address the following:*

- *Identify the nature of your asset groups and provide a more comprehensive discussion of how you estimate the undiscounted cash flow of your asset groups. Refer to paragraphs 16-21 of SFAS 144;*
- *For those asset groups for which their undiscounted cash flows are not materially in excess of their carrying amount, quantify the carrying amount of those asset groups. In addition, you should also disclose the following:*
  - *Clearly communicate to investors the amount of your property, plant and equipment that is at-risk for impairment;*
  - *Quantify the material assumptions (ranges and/or weighted averages) underlying your undiscounted cash flow analysis and quantify the potential impact of changes in each material assumption by providing sensitivity analysis; and*
  - *Discuss quantitative information regarding any significant known trends.*

Response: The Registrant evaluates its long lived assets for impairment in accordance with SFAS No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets*. In accordance with paragraph 8 of this statement, long-lived assets should be tested for recoverability whenever events or changes in circumstances indicate that it's carrying amount may not be recoverable. The Registrant has revised the disclosure to more clearly describe management's assessment process and to disclose the fact that management concluded that there were no events or changes in circumstances that indicate long-lived assets may not be recoverable in fiscal 2008 and 2009. Please see page 70 of Amendment No. 4.

8. *We note your disclosures on page F-31 and F-32 indicate that the fair market value of Class B and Class A shares were determined using market comparables and multiple averages of various peer groups. Given the significant impact this valuation has on the carrying value of your preferred stock and your net (loss) income available to common stockholders, please expand your discussion to include an explanation of the methods you used, how you weighted those methods and provide a quantitative and qualitative discussion of the factors and assumptions used in each method. To the extent that there have been changes in the factors and assumptions used in the periods presented please discuss the impacts from period to period.*

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page F-32 of Amendment No. 4.

Report of Independent Registered Public Accounting Firm, page F-2

9. *Please provide a revised auditor's report which covers all periods presented. In this regard, we note that the audit report does not cover your consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year ended May 31, 2007.*

Response: The Registrant has revised the disclosure in accordance with the Staff's

comment. Please see page F-2 of Amendment No. 4.

Notes to the consolidated financial statements
Goodwill page F-19

10. Revise your column headings to reflect the appropriate dates.

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page F-19 of Amendment No. 4.

Long-term Debt, page F-22

11. We note your disclosures that the credit agreement contains financial covenants that require you to maintain compliance with specified financial ratios and your disclosure on page 64 indicating that two covenants in your credit agreement were amended retroactive to prior periods. Please revise your disclosure to clearly state whether you were in compliance with these covenants at the end of the period presented and to disclose the terms of the new covenants.

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page F-23 of Amendment No. 4.

18. Stock Options, page F-34

12. We note your disclosure that the fair market value of the common stock was determined by the Company's Board of Directors. Please expand your disclosure to clearly explain how your Board has determined this value. Additionally, please clarify whether the Board's determination of the fair market value was consistent with the fair market value used in the determination of preferred stock accretion. If these approaches were not similar, please explain the differences and also explain why differing approaches were used.

Response: The Registrant has revised the disclosure in accordance with the Staff's comment. Please see page F-34 of Amendment No. 4.

If you have any comments or questions to the foregoing responses or referenced revisions, please feel free to contact the undersigned at (212) 318-3322 or Don Ainscow at (212) 318-3358.

Very truly yours,

/S/ Joseph F. Daniels

Joseph F. Daniels

Enclosure

cc: Melinda Hooker, Staff Accountant
Anne McConnell, Staff Accountant
Craig Slivka, Staff Attorney
Sotirios J. Vahaviolos, Ph.D., Mistras Group, Inc.
Pete Peterik, Mistras Group, Inc.
Andrew C. Freedman, Esq., Fulbright & Jaworski L.L.P.
Sheldon G. Nussbaum, Esq., Fulbright & Jaworski L.L.P.
Donald G. Ainscow, Esq., Fulbright & Jaworski L.L.P.