Securities and Exchange Commission
Washington, D.C. 20549
FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
(Mark One) for the fiscal year ended January 2, 1999 or
[ ] Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the transition period from to

Commission file number 0-20388

Littelfuse, Inc.
(Exact name of registrant as specified in its charter)

Delaware	36-3795742
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 East Northwest Highway, Des Plaines, Illinois	60016
(Address of principal executive offices)	(Zip Code)

847/824-1188
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.01 par value, and Warrants to purchase shares of Common Stock, $.01 par value

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of 18,452,016 shares of voting stock held by non-affiliates of the registrant was approximately $321,766,255 based on the last reported sale price of the registrant's Common Stock, $.01 par value, as reported on The Nasdaq Stock Market on March 12, 1999.

As of March 12, 1999, the registrant had outstanding 19,660,879 shares of Common Stock, $.01 par value, and Warrants to purchase 2,474,615 shares of Common Stock, $.01 par value.

Portions of the following documents have been incorporated herein by reference to the extent indicated herein: Littelfuse, Inc. Proxy Statement dated March 18, 1999 (the "Proxy Statement") --Part III. Littelfuse, Inc. Annual Report to Stockholders for the year ended January 3, 1998 (the "Annual Report") -- Parts II and III.

Part I

ITEM 1. BUSINESS

General

Littelfuse, Inc. (the "Company" or "Littelfuse") is a leading manufacturer and seller of fuses and other circuit protection devices for use in the electronic, automotive and general industrial markets. Management believes the Company is ranked first in market share in the electronic market, first in the automotive market and third in the power fuse market in North America. Management believes that the Company, together with its licensees, is also first in market share in the electronic market and first in the automotive market worldwide.

In the electronic market, leading manufacturers such as 3Com, Canon, Compaq, Hewlett Packard, IBM, LG Electronics, Lucent Technologies, Motorola, Nortel, Panasonic, Samsung, Sharp, Sony and Toshiba obtain a substantial portion of their electronic circuit protection requirements from the Company. In the automotive market, the Company or its licensees have customer relationships with all leading automobile manufacturers throughout the world. Littelfuse provides substantially all of the automotive fuse requirements for vehicles manufactured domestically by General Motors and is the primary supplier for Ford, Chrysler and all Japanese and most European auto manufacturer transplants. The Company also competes in the power fuse market selling to companies such as the Allen Bradley division of Rockwell International and Reliance Electric. In addition to fuses, the Company manufactures and supplies switches, circuit breakers and indicator lights to the automotive industry and to appliance and general electronics manufacturers.
See "Business Environment: Circuit Protection Market."

The Company manufactures its products on fully integrated manufacturing and assembly equipment, much of which is designed and built by its own engineers. The Company fabricates and assembles a majority of its products and maintains product quality through a rigorous quality assurance program with all sites (except the Philippines) certified under ISO 9000 standards and its world headquarters now certified under the QS9000 standards.

The Company's products are sold worldwide through a direct sales force and manufacturers' representatives. In Asia Pacific, the Company has licensed its automotive fuse technology to a Japanese firm that supplies automotive fuses to Pacific Rim customers. For the year ended January 2, 1999, approximately 43% of the Company's net sales were to customers outside the United States (exports and foreign operations).

References herein to "1996" or "fiscal 1996" refer to the calendar year ended December 28, 1996. References herein to "1997" or "fiscal 1997" refer to the fiscal year ended January 3, 1998. References herein to "1998" or "fiscal 1998" refer to the fiscal year ended January 2, 1999.

Business Environment: Circuit Protection Market

The circuit protection market can be broadly categorized into five major product areas: electronic, automotive, industrial (power), high voltage and residential. The Company sells products designed for the electronic, automotive and industrial areas. The Company entered the circuit protection market in 1927 with the development and introduction of the first small, fast-acting fuse capable of protecting sensitive test meters. Since that time, the Company has diversified its involvement in the circuit protection market to become a leader in the production of electronic and automotive fuses. The Company also entered the power fuse market in 1983 with a broad line of fuses, including several proprietary products. The Company believes it is the circuit protection leader because it designs and produces almost all the products it sells in all three markets including the two markets where it holds the number one market share position. See "Littelfuse Products."

Electronic Products. Electronic circuit protection products are used to protect power circuits in a multitude of electronic systems. Electronics products fall into four major categories: (1) fuses, (2) protectors, (3) resettables and (4) electrostatic discharge suppressors. Electronics fuses generally are of two types - miniature and subminiature. Miniature fuses are generally tubular in shape with glass, ceramic and composition bodies. Subminiature devices are used where space is at a premium. Protectors are fuses produced to a less rigorous specification. Resettables are polymer positive temperature coefficient (PTC) devices that limit the current when an overcurrent condition exists and let current pass again after the cause of the overcurrent is removed. Electrostatic discharge (ESD) suppressors are polymer based devices that shunt transient high voltage energy away from circuitry. Applications for electronic products include telecommunications equipment, computers and computer peripherals, power supplies, test and medical instrumentation, and consumer electronic products. There is also a special segment of the electronic circuit protection market directed toward the aerospace industry. These special high-reliability fuses are manufactured in small quantities under extremely high quality control standards.

Automotive Products. Fuses are extensively used in automobiles, trucks, buses and off-road equipment to protect electrical circuits and wiring harnesses supplying electrical power to operate lights, heating, air conditioning, windshield wipers, radios, windows and controls. Currently, a typical automobile contains 30 to 70 fuses, depending upon the options installed. The market for automotive fuses is expected to grow in the coming years as more electronic features are included in automobiles. Certain new vehicles, such as the Cadillac Seville, Ford 150 series truck, Jeep Grand Cherokee and the Jaguar, contain as many as 50 to 90 fuses and this higher fuse count is expected to spread to other vehicles.

Power Products. Power fuses include both current limiting and non-current limiting devices used to protect electrical systems against overcurrents. Power fuses are rated and listed under one of many Underwriters' Laboratories fuse classifications. The three main end user market segments for power fuses include original equipment manufacturers ("OEMs"), industrial maintenance and repair operations ("MROs") and new commercial and industrial construction. Major applications for power fuses include protection from over-load and short-circuit currents in motor branch circuits, heating and cooling systems, control systems, lighting circuits and electrical distribution networks.

Littelfuse Products

General. The Company is a leading manufacturer and seller of fuses and other circuit protection devices for use in the electronic, automotive and general industrial markets. The Company's products are marketed under the general trademarked names of Littelfuse(R) and, where appropriate, Slo-Blo(R) Fuse as well as the trademarked names of certain of its products listed below in the description of the Company's electronic, automotive and power fuse products.

Product Sales. Net sales of the Company's products by industry category for the periods indicated are as follows:

	Fiscal Year (in thousands)		

	1998	1997	1996
Electronic	$133,085	$135,032	$112,358
Automotive	96,686	102,139	93,690
Industrial (Power)	39,769	37,994	35,398
Total	$269,540	$275,165	$241,446

Electronic Products. The Company manufactures and sells a wide range of electronic circuit protection products, including miniature and subminiature fuses, protectors and resettables. Electronic miniature and subminiature fuses are designed to provide circuit protection in the limited space requirements of electronic equipment. The Company entered the protector market in late 1994 and the resettable polymer PTC device market in late 1996. While the Company continues to develop its own resettable fuse products, the Company also entered into agreements with Raychem Corp. in 1996 which allow the Company to sell resettable fuses using certain of Raychem's technology. The Company entered the ESD suppressor market in late 1998. The Company is in the process of developing ESD suppressor products and also purchased the Pulse-Guard(R) product line and technology in 1998.

The Company's electronic circuit protection products are marketed under the following trademarked and brand names:

PICO(R) II Fuse is a very fast-acting subminiature fuse with axial leads which can be automatically inserted into a circuit board. It is used in consumer electronics, computers, medical instruments, power supplies and telecommunication line cards. It was originally developed for the aerospace industry where extremely small size and high reliability were prime requisites. This fuse is encapsulated with an epoxy coating which protects the fuse from adverse environmental conditions. It can stand up under the rough treatment found in high speed automated circuit board assembly processes used by many different manufacturers.

2AG fuses are a miniature version of the standard 1/4" diameter by 1-1/4" long glass bodied fuses manufactured for more than 40 years. The fuse occupies about 1/3 of the space but still provides the performance of the larger sized product. The Company has developed a strong market in the telecommunications industry for a leaded version of the 2AG fuse. These fuses are used in business and personal telephone systems, answering machines and other equipment connected to phone lines. They are used to protect the system from lightning surges and accidental contact with power lines. These fuses also are used extensively in electronic ballasts for lighting.

NANO2 (R) SMF Fuse is a fourth generation surface mount fuse product line. The compact size (.240" x .100" x .100") of this rectangular shaped fuse is very attractive to design engineers. In addition, the flat side design permits efficient pick and placement by automated assembly equipment. The NANO2 (R) SMF Fuse is used where space considerations are critical, including laptop computers, camcorders and battery chargers.

ALF(TM) II or "1206" SMF is a very fast acting thin film surface mount fuse measuring only .12 inch x .06 inch. The subminiature size assures additional space savings in surface mount applications. It is completely compatible with common soldering systems used in surface mount assembly applications and it is available on 8mm reels for use with automatic placement equipment. Applications include hard disk drives, PC main boards, digital cameras and CD-ROMs.

"0603" SMF is a very fast acting thin film surface mount fuse measuring only .06 inch x .03 inch. The 0603 is the smallest fuse available and has a very low profile .018 inches. The small physical size along with low values for resistance and voltage drop are significant features of this new fuse for battery and other low voltage applications, such as hard disk drives and PC main boards. The 0603 has also gained acceptance for use in the protection of cellular telephones.

SMTelecom(TM) is the first surface mount fuse to comply with UL 1459 and UL 1950 third edition power cross requirements for telecommunications. The new SMTelecom(TM) Fuse protects all phone line connected equipment against current surges resulting from power cross, power induction and lightning strikes. It is rated for 250 volts with a 600 volt short circuit rating. Four current ratings are offered, from 0.75 to 1.5 amperes. Applications include modems, fax machines, desktop telephones, answering machines and line cards.

Surface Mount PTC is the first in Littelfuse's line of PTC devices. Its dimensions of 0.200" x 0.290" x 0.120" are ideal for

circuit board applications where space is at a premium. It also is available in 0.340" x 0.250" x 0.10" and 0.179" x 0.127" x 0.02" configurations. This polymer surface mount PTC has the ability to reset itself once the fault or overcurrent condition has cleared. This new product is used primarily for computer and peripheral applications such as motherboards, disk drives, PC cards, modems, printers, etc.

PulseGuard(R), an ESD suppressor, is a polymer based surface mount or connector style device that utilizes a variable voltage material to shunt high voltage ESD energy away from circuitry without affecting data signals. The PulseGuard(R) characteristics and available packages provide for protection of integrated circuitry in applications such as PCs and PC peripherals.

Automotive Products. The Company is a primary supplier of automotive fuses to United States, Japanese and European automotive OEMs, automotive component parts manufacturers and automotive parts distributors. The Company also sells its fuses in the replacement parts market, with its products being sold through mass merchandisers, discount stores and service stations, as well as under private label by national firms. Management believes that it currently is the leading worldwide supplier of automotive fuses for new vehicle production and a leader for the aftermarket/replacement market.

The Company invented and owns all of the U.S. patents related to the blade type fuse which is the standard and most commonly used fuse in the automotive industry. The Company believes that, together with its licensees, it supplies substantially all of the blade type fuses used in the North American and Japanese markets and a majority in the European market. The Company's automotive fuse products are marketed under the following trademarked and brand names:

AUTOFUSE(R) or ATO(R), a standard blade type fuse, is used in automobiles produced worldwide and designed to provide superior circuit protection in a small, heat resistant package for low ampere applications.

MINI(R) Fuse, smaller than its predecessor AUTOFUSE(R), is offered in a range from two amps to 30 amps and is designed to permit more fuses in the same amount of space than prior products.

MAXI(TM) Fuse, a larger version of the AUTOFUSE(R), replaces the commonly used low technology fusible wire or fusible links in automobile electrical harnesses and is offered in a range from 20 amps to 80 amps.

MIDI(R) Fuse is a bolt down version of the MAXI(TM) fuse. This style is preferred by some European customers in the 50 to 100 amp range. Its primary use is for heating, air conditioning and motor control circuits.

J-CASE(R) Fuse, is a cartridge version of the Maxi(TM) fuse. Its primary use is for branch circuit protection and protection of circuits with inductive loads.

MEGA(R)Fuse, a higher current fuse with ratings of 100 to 200 amps, is used for protection of battery cables.

Over half of the Company's North American automotive (blade type) fuse sales are made to wire harness manufacturers that incorporate the fuses into their products. The remaining automotive fuse sales are made directly to automotive manufacturers and through distributors who in turn sell most of their products to automotive product wholesalers, such as warehouse distributors, discount stores and service stations.

The Company believes it currently has adequate production capacity to meet the anticipated increased demand for automotive fuses referred to in "Business Environment: Circuit Protection Market -- Automotive Fuses." Any required expenditures for additional machinery and equipment are expected to be funded by cash flow from operations.

The Company has licensed its patented ATO(R), Mini(R) and Maxi(TM) automotive fuse designs to Bussmann, a division of Cooper Industries. Bussmann is the Company's largest domestic competitor. Additionally, the Company has entered into a licensing agreement with Pacific Engineering Company, Ltd., a Japanese fuse manufacturer, which produces and distributes the Company's patented ATO(R) and Mini(R) automotive fuses to the Pacific Rim manufacturing operations of Japanese based automobile manufacturers. See "Competition" and "Business -- Patents, Trademarks and Other Intellectual Property."

Power Products. The Company entered the power fuse market in 1983 and manufactures and sells a broad range of low-voltage circuit protection products to electrical distributors and their customers in the construction, OEM and MRO markets. Power fuses are used to protect circuits in various types of industrial equipment and circuits in industrial plants, office buildings and residential units. The Company's power fuse products are marketed under the following classifications:

Class L fuses are commonly used as the first line of electrical protection in building service entrance equipment of high capacity electrical systems. Other applications include switchboard mains and feeders, distribution equipment and branch circuit protection for large motors.

Class R fuses are commonly used downstream from Class L fuses in a variety of branch circuit applications. Both time delay and fast acting versions cover a range of applications including main feeder, motor, transformer and solenoids. The Company's RK5 INDICATOR fuse series has won numerous product awards and wide recognition by industrial plant personnel. These fuses have an integrated blown fuse indicator that turns from clear to dark once a fuse has blown. This reduces troubleshooting time significantly and helps improve safety.

Class J fuses are less than half the size of Class R to provide substantial space savings. Applications for Class J are similar to Class R. Additional applications include back up protection for circuit breakers and protection for both IEC and NEMA rated devices. The Company has also introduced an indicating J line of fuses with indication functionality like the RK5 INDICATOR fuse.

Class CC fuses, Littelfuse's KLDR (for transformer protection) and CCMR (for motor branch circuit protection) provide protection formerly supplied by fuses 10 times larger. Littelfuse was the first to the market with these products and is the only company with a CCMR rated up to 60 amps.

Semiconductor fuses, designed for supplementary protection of semiconducting devices, are used in electronic equipment and power equipment, such as variable speed drives, power rectifiers, UPS systems and DC power suppliers.

Midget fuses, in seven different series, provide supplementary overcurrent protection in such diverse applications as control circuits, control power transformers, solenoids, street lighting and computers.

Medium voltage fuses, designed for general and back-up protection, protect motors, transformers and motor controllers. The medium voltage fuse line was expanded in 1998 with the purchase of the product line and assets of a medium voltage fuse manufacturer allowing for very short delivery times of these products.

Other Products. In addition to the above products, the Company supplies switches, circuit breakers and indicator lights to the automotive industry and to appliance and general electronics manufacturers. The Company is also a supplier of fuse holders (including OMNI-BLOK(R)), fuse blocks (including Powr-Blok(R) power distribution systems) and fuse clips primarily to customers that purchase circuit protection devices from the Company.

Product Design and Development

The Company employs scientific, engineering and other personnel to improve its existing product lines and to develop new products at its research and engineering facility in Des Plaines, Illinois. The Engineering Department consists of approximately 60 engineers, chemists, metallurgists, fusologists and technicians. This department is primarily responsible for the design and development of new products and consists of eight major groups: two product design, two materials engineering, one advanced technology development, one manufacturing engineering automation and two engineering support groups.

Proposals for the development of new products are initiated primarily by sales and marketing personnel with input from customers. The entire product development process typically ranges from 6 to 18 months with continuous efforts to reduce the development cycle. During the fiscal years ended January 2, 1999, January 3, 1998, and December 28, 1996, the Company expended approximately $8.4 million, $7.9 million and $7.3 million, respectively, on product design and development.

Patents, Trademarks and Other Intellectual Property

The Company generally relies on patent and trademark laws and license and nondisclosure agreements to protect its rights in its trade secrets and its proprietary products. In cases where it is deemed necessary by management, key employees are required to sign an agreement that they will maintain the confidentiality of the Company's proprietary information and trade secrets. This information, which for business reasons, is not disclosed to the public.

As of January 2, 1999, the Company owned 111 patents in North America, 23 patents in the European Economic Community and 29 patents in other foreign countries. The Company has also registered trademark protection for certain of its brand names and logos. The 111 North American patents are in the following categories: 50 Electronic, 7 Resettable, 26 Automotive, 19 Power Fuse and 9 miscellaneous.

The first patent covering the AUTOFUSE(R) or ATO(R) fuse expired on September 30, 1992. However, the last improvement patent covering the ATO(R) fuse expires on September 19, 2000. The ATO(R) fuse product is further protected by trademark and trade dress protection which has a remaining indefinite life so long as it continues to be correctly used by the Company and its licensees.

New products are continually being developed to replace older products. The Company regularly applies for patent protection on such new products. Although in the aggregate the Company's patents are important in the operation of its businesses, the Company believes that the loss by expiration or otherwise of any one patent or group of patents would not materially affect its business.

The Company currently licenses its MINI(R) and MAXI(TM) automotive fuse technology to Bussmann, a division of Cooper Industries and the Company's largest domestic competitor. The license granted in 1987 is nonexclusive and grants the Company the right to receive royalties of 4% of the licensee's revenues from the sale of the licensed products with an annual minimum of $25,000. Each license expires upon the expiration of the licensed product patents.

The Company currently licenses its ATO(R) automotive fuse technology to Pacific Engineering Company, Ltd., a Japanese manufacturer that produces and distributes the Company's patented automotive fuses to Pacific Rim operations of Pacific Rim-based automotive manufacturers. The license is exclusive as to Japan and non-exclusive as to other specified Pacific Rim territories and provides that the Company will receive royalties of 1.5% of the licensee's revenues from the sales of the licensed products with a $25,000 annual minimum. This license expires on August 10, 1999. In addition, a second license covering the MINI(R) Fuse technology was granted with similar territory arrangements to Pacific Engineering which provides the Company with royalties of 2.5% of the licensee's revenues from the sale of the licensed products, with an annual minimum of $100,000. This second license expires on April 6, 2006.

License royalties amounted to $286,000, $332,000 and $266,000 for 1998, 1997 and 1996, respectively.

Manufacturing

Much of the Company's manufacturing equipment is custom designed by its engineers, and the Company conducts the majority of its own fabrication. The Company stamps most of the metal components used in its fuses, holders and switches from raw metal stock and makes its own contacts and springs. However, the Company does depend upon a single source for a substantial portion of its stamped metal end caps for one family of electronic fuses. The Company believes that alternative stamping sources are available at prices which would not have a material adverse effect on the Company. The Company also performs its own plating (silver, nickel, zinc, tin and oxides). In addition, all thermoplastic molded component requirements used for such products as the AUTOFUSE(R), MINI(R) and MAXI(TM) product lines are met through the Company's in-house molding capabilities.

After components are stamped, molded, plated and readied for assembly, final assembly is accomplished on fully automatic and semi-automatic assembly machines. Quality assurance and operations personnel, using techniques such as Statistical Process Control, perform tests, checks and measurements during the production process to maintain the highest levels of product quality and customer satisfaction.

The principal raw materials for the Company's products include copper and copper alloys, heat resistant plastics, zinc, melamine, glass, silver, solder, sulphate chipboard and linerboard. The Company depends upon a sole source for several heat resistant plastics. The Company believes that suitable alternative heat resistant plastics are available from other sources at prices which would not have a material adverse effect on the Company. All of the other raw materials are purchased from a number of readily available outside sources.

A computer-aided design and manufacturing system (CAD/CAM) expedites product development and machine design, while reliability and high power laboratories test new products, prototype concepts and production run samples. The Company participates in "Just-in-Time" delivery programs with many of its major suppliers and actively promotes the building of strong cooperative relationships with its suppliers by involving them in pre-engineering product and process development. The Company also sponsors an annual major supplier conference and conducts a vendor certification program.

Marketing

The Company's domestic sales staff of approximately 66 people maintains relations with major OEMs and distributors. The Company's sales and engineering personnel interact directly with the OEM engineers to ensure maximum circuit protection and reliability within the parameters of the OEM design. Internationally, the Company maintains a sales staff of approximately 30 people and sales offices in The Netherlands, England, Singapore, Korea and China. The Company also markets its products indirectly through a worldwide organization of approximately 125 manufacturers' representatives and distributes through an extensive network of electronic, automotive and electrical distributors.

Electronic. The Company has retained 23 manufacturers' representatives to sell its electronic products domestically and additional representatives to sell its electronic products internationally. These representatives call on major OEMs and distributors. The Company distributes approximately 41% of its domestic products directly to OEMs, with the remainder distributed by more than 800 distributors nationwide.

In the Asia-Pacific region, the Company maintains a direct sales staff of five people in Singapore, one in Hong Kong, seven in Korea, and one or more manufacturers' representatives in Japan, Singapore, Korea, Hong Kong, Taiwan, China, Malaysia, Thailand, Philippines and Australia. The Company also maintains an engineering facility in Japan. In Europe, the Company's distribution methods differ from its domestic methods in that it maintains a direct sales force of 17 people to call on OEMs exclusively and utilizes approximately 15 manufacturers' representatives to approach distributors and smaller OEMs. Unlike its domestic representatives, these manufacturers' representatives purchase inventory from the Company to facilitate delivery and reduce financial risks associated with currency exchange rate fluctuations.

Automotive. The Company sells automotive fuses through a direct sales force in Detroit consisting of four employees. Salespersons service all the major automotive OEMs (including the United States manufacturing operations of foreign-based OEMs) through both the engineering and purchasing departments of these companies. Twenty-two manufacturers' representatives distribute the Company's products to aftermarket fuse retailers such as Autozone, Pep Boys, K-Mart and NAPA. In Europe, the Company uses both a direct sales force and manufacturers' representatives to distribute its products to Mercedes Benz, BMW, Volvo, Saab, Jaguar and other OEMs, as well as aftermarket distributors. In the Asia-Pacific region, the Company has licensed its automotive fuse technology to a Japanese firm which supplies the majority of the automotive fuses to the Japanese manufacturing operations in the region including Toyota, Honda and Nissan.

Power. The Company markets and sells its power fuses through 36 manufacturers' representatives across North America. These representatives sell power fuse products through an electrical distribution network comprised of approximately 1,200 distributors. These distributors have customers that include electrical contractors, municipalities, utilities and factories (including both

MRO and OEM). Some of the manufacturers' representatives have consigned inventory in order to facilitate rapid customer delivery.

The Company's field sales force (including application engineers) and manufacturers' representatives call on both distributors and end-users (consulting engineers, municipalities, utilities and OEMs) in an effort to educate these customers on the capabilities and characteristics of the Company's products.

Business Segment Information

The Company has three reportable business segments: The Americas, Europe and Asia-Pacific. For information with respect to the Company's operations in its three geographic areas for the fiscal year ended January 2, 1999, see "Item 8. Financial Statements and Supplementary Data - Business Segment Information" incorporated herein by reference.

Customers

The Company sells to over 10,000 customers worldwide. No single customer accounted for more than 10% of net sales during the last three years except for its Japanese stocking representative which accounted for 10.2% in 1998. The Japanese stocking representative serves over 100 customers in the Asia Pacific electronic market. During the 1998, 1997 and 1996 fiscal years, net sales to customers outside the United States (exports and foreign operations) accounted for approximately 43.0%, 40.6% and 38.5%, respectively, of the Company's total net sales.

Competition

The Company's products compete with similar products of other manufacturers, many of which have substantially greater financial resources than the Company. In the electronic fuse market, the Company's competitors are Bussmann, a division of Cooper Industries, Bel Fuse, Inc., Raychem Corp., San-O Industrial Corp. and Wickmann-Werke GmbH. In the fuseholder portion of this market, the Company's principal competitor is Schurter, Inc. In the automotive fuse market, the Company's major competitor, both in sales to automobile manufacturers and in the aftermarket, is Bussmann. The Company licenses several of its automotive fuse designs to Bussmann. Other auto fuse competitors include Pudenz and MTA. In the power fuse market, the Company's major competitors include Bussmann, Gould, Inc and Ferraz. The Company believes that it competes primarily on the basis of innovative products, the breadth of available product lines, the quality and design of its products and the responsiveness of its customer service rather than through price competition.

Backlog

The Company does not consider backlog to be a predictive measure of results due to the Company's short delivery time. The Company manufactures high volume products based on its demand forecasts and manufactures low volume products based on customer orders. The Company attempts to ship such products to the customer within five business days of the date of the order. Over 90% of all orders, which request delivery within three weeks of the date of the order, are filled on time from available stock or current production.

Employees

During 1998, the Company employed approximately 3,085 persons. Approximately 50 employees in Des Plaines and 450 employees in Mexico are covered by collective bargaining agreements. The Des Plaines agreement expires March 31, 1999 and the Mexico agreement expires January 31, 2001. The Company has not experienced any work stoppage or other form of labor dispute within the last 20 years. The Company believes that its employee relations are excellent and that its employees, many of whom have long experience with the Company, represent a valuable resource. The Company emphasizes employee training and development and has established Quality Improvement Process (QIP) training for its employees worldwide so as to promote product quality and customer satisfaction.

Year 2000

For information relating to year 2000 see "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations - Year 2000" incorporated herein by reference.

Environmental Regulation

The Company is subject to numerous federal, state and local regulations relating to air and water quality, the disposal of hazardous waste materials, safety and health. Compliance with applicable environmental regulations has not significantly changed the Company's competitive position, capital spending or earnings in the past and the Company does not presently anticipate that compliance with such regulations will change its competitive position, capital spending or earnings for the foreseeable future. The Company employs an environmental engineer to monitor regulatory matters and believes that it is currently in compliance in all material respects with applicable environmental laws and regulations.

ITEM 2. PROPERTIES

Littelfuse Facilities

The Company's operations are located in 19 owned or leased facilities worldwide, containing approximately 708,000 square feet. The U.S. headquarters and principal fabrication and distribution facility is located in Des Plaines, Illinois, supported by three additional plants in Illinois and one in Mexico. European headquarters and the primary European distribution center is in Utrecht, The Netherlands, with manufacturing plants in the United Kingdom and Switzerland. Asia Pacific operations include a distribution center located in Singapore, with manufacturing plants in Korea, China and the Philippines. The Company does not believe that it will encounter any difficulty in renewing its existing leases upon the expiration of their current terms. Management believes that the Company's facilities are adequate to meet its requirements for the foreseeable future.

The following table provides certain information concerning the Company's facilities:

Location	Use	Size (sq.ft.)	Lease/ Own	Lease Expir-ation Date	Industry Focus
Des Plaines, Illinois	Administrative, Engineering, Manufacturing, Testing and Research	340,000	Owned	--	Auto, Electronic, Power
Centralia, Illinois	Manufacturing	45,200	Owned	--	Electronic
Arcola, Illinois	Manufacturing	36,000	Owned	--	Power
Watseka, Illinois	Manufacturing	26,000	Leased(1)	1999	Auto, Electronic
Watseka, Illinois	Storage	5,000	Owned	--	Other
Farmington Hills, Michigan	Administrative	1,562	Leased	2001	Auto
Piedras Negras, Mexico	Manufacturing	59,838	Leased	2000	Auto, Electronic, Power
Piedras Negras, Mexico	Manufacturing	12,590	Leased	2000	Electronic and Power
Washington, England	Manufacturing, Sales and Distribution	60,000	Owned	--	Electronic, Auto, Other
Utrecht, The Netherlands	Warehousing	8,680	Leased	1999	Auto, Electronic, Other
Utrecht, The Netherlands	Sales, Administrative and Engineering	12,000	Owned	--	Auto, Electronic, Other
Grenchen, Switzerland	Manufacturing	11,000	Owned	--	Auto
Singapore	Sales and Distribution	7,836	Leased	1999	Electronic
Seoul, Korea	Sales and Manufacturing	29,175	Owned	--	Electronic
Philippines	Manufacturing	10,200	Leased	1999	Electronic
Suzhou, China	Manufacturing	40,000	Owned	--	Electronic
Hong Kong, China	Sales	200	Leased	2000	Electronic
Yokohama, Japan	Engineering	1,815	Leased	1999	Electronic
Sao Paulo, Brazil	Sales and Distribution	1,200	Leased	1999	Electronic, Auto

(1).....The lease of the manufacturing facility in Watseka, Illinois, provides that the Company may purchase the leased facility upon certain terms and conditions.

ITEM 3. Legal Proceedings

The Company is not a party to any legal proceedings which it believes will have a material adverse effect upon the conduct of its business or its financial position.

ITEM 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to the Company's stockholders during the fourth quarter of fiscal 1998.

Executive Officers of Registrant

The executive officers of the Company are as follows:

Name	Age	Position
Howard B. Witt	58	Chairman of the Board, President and Chief Executive Officer
Kenneth R. Audino	55	Vice President, Organizational Development and Total Quality Management
William S. Barron	56	Vice President, Marketing and Sales
Philip G. Franklin	47	Vice President, Treasurer and Chief Financial Officer
David J. Krueger	61	Vice President, Engineering
Lloyd J. Turner	55	Vice President, Operations
Hans Ouwehand	52	Vice President, European Operations
Mary S. Muchoney	53	Secretary

Officers of Littelfuse are elected by the Board of Directors and serve at the discretion of the Board.

Howard B. Witt was elected as the Chairman of the Board of the Company in May, 1993. He was promoted to President and Chief Executive Officer of the predecessor company of the Company ("Old Littelfuse") in February, 1990. Prior to his appointment as President and Chief Executive Officer, Mr. Witt served in several other key management positions with Old Littelfuse, including Operations Manager from March 1979 to January 1986, Vice President-Manufacturing Operations from January 1986 to January 1988, and Executive Vice President with full operating responsibilities for all U.S. activities from January 1988 to February 1990. Prior to joining Old Littelfuse, Mr. Witt was a division president of Keene Corporation from 1974 to 1979. Mr. Witt currently serves as a member of the Board of Directors of Franklin Electric Co., Inc. and Material Sciences Corporation and is a member of the Electronic Industries Association Board of Governors. He is also a director of the Artisan Mutual Fund.

Kenneth R. Audino, Vice President, Organizational Development and Total Quality management, He is responsible for the Company's overall quality, reliability and environmental compliance, quality systems, human resources and training efforts. Mr. Audino joined Old Littelfuse as a Control Technician in 1964. From 1964 to 1977, he progressed through several quality and reliability positions to Manager of Reliability and Standards. In 1983, he became Managing Director of the European Headquarters of Old Littelfuse and later was named Corporate Director of Quality Assurance and Reliability. He was promoted to his current position in 1998.

William S. Barron, Vice President, Sales and Marketing, has responsibility for the general direction of all sales, marketing and related support functions. He also is responsible for the Information Services Department. Mr. Barron joined Old Littelfuse in March 1991. From August 1981 to March 1991, Mr. Barron served as Director of Sales and Marketing of Cinch Manufacturing and the General Manager of one of its domestic divisions. Cinch Manufacturing is a subsidiary of Labinal Corporation.

Philip G. Franklin, Vice President, Treasurer and Chief Financial Officer, has responsibility for the treasury, financial control, financial reporting and information systems functions of the Company. Mr. Franklin joined the Company in January 1999 from OmniQuip International, a $450 million construction equipment manufacturer which he helped take public. .

David J. Krueger, Vice President, Engineering, directs all product feasibility, design, development and testing activities. Joining Old Littelfuse as an Industrial Fuse Engineering Manager in 1982, he was named Manager of Circuit Protection Devices in 1984, promoted to Director of Engineering in January 1986 and promoted to his current position one year later. Prior to joining Old Littelfuse, Mr. Krueger worked for 15 years as an Engineering Manager for the Economy Fuse Division of Federal Electric, and for six years as

a Plant Manager for Federal Pacific Reliance Electric.

Lloyd J. Turner, Vice President, Operations, has responsibility for manufacturing operations and related support functions. Mr. Turner joined Old Littelfuse in October 1988, as Director of Manufacturing Operations after having served as an Operations Manager with Texas Instruments from November 1984 to September 1988. He was promoted to his current position in 1991.

Hans Ouwehand, Vice President, European Operations, has complete responsibility for all sales, marketing, research and development, and manufacturing activities covering the entire range of electronic, automotive and aftermarket products sold by the Company in Europe. Mr. Ouwehand joined Old Littelfuse in 1984 as Sales Manager, Europe, Electronics Division. He was later promoted to the position of European Sales and Marketing Manager for all Littelfuse products and in 1986 to the position of General Manager-European Operations. Prior to joining Old Littelfuse, his industrial background included research and development work with Sperry Rand and sales and product management with Lameris Medical Instruments.

Mary S. Muchoney has served as Corporate Secretary since 1991, after joining Old Littelfuse in 1977. She is responsible for providing all secretarial and administrative functions for the President and Littelfuse Board of Directors. Ms. Muchoney is a member of the American Society of Corporate Secretaries.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters The information set forth under "Quarterly Stock Price" on page 38 of the Annual Report to Stockholders is incorporated herein by reference. It is also included in Exhibit 13.1 as filed with the SEC. As of March 12, 1999, there were 295 holders of record of the Company's Common Stock and in excess of 2,700 beneficial holders of its Common Stock.

Since September 22, 1992, shares of the Common Stock have been traded in the over-the-counter market and quotations are reported using the symbol "LFUS" on The Nasdaq Stock Market.

The Company has not paid any cash dividends in its history. Future dividend policy will be determined by the Board of Directors based upon their evaluation of earnings, cash availability and general business prospects. Currently, there are restrictions on the payment of dividends contained in the Company's bank credit agreement which relate to the maintenance of certain restricted payment ratios.

ITEM 6. Selected Financial Data

The information set forth under "Selected Financial Data - Five Year Summary" on page 38 of the Annual Report to Stockholders is incorporated herein by reference. It is also included in Exhibit 13.1 as filed with the SEC.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 through 20 of the Annual Report to Stockholders is incorporated herein by reference. It is also included in Exhibit 13.1 as filed with the SEC.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risks

The Company is exposed to market risk from changes in interest rates, foreign exchange rates and commodities.

The Company had long-term debt outstanding at January 2, 1999 in the form of Senior Notes and lines of credit at both variable and fixed interest rates. Since substantially all of the debt has fixed interest rates, the Company's interest expense is not sensitive to changes in interest rate levels.

A portion of the Company's operations consists of manufacturing and sales activities in foreign countries. The Company has manufacturing facilities in Mexico, England, Switzerland, South Korea, China and the Philippines. During 1998, sales exported from the United States or manufactured abroad accounted for 43.0% percent of total sales. Substantially all sales in Europe are denominated in Dutch Guilders, British Pound Sterling and Euros and substantially all sales in the Asia-Pacific region are denominated in United States Dollars and South Korean Won.

The Company's identifiable foreign exchange exposures result from the purchase and sale of products from affiliates, repayment of intercompany trade and loan amounts and translation of local currency amounts in consolidation of financial results. Changes in foreign currency exchange rates or weak economic conditions in the foreign countries in which it manufactures and distributes products could affect the Company's sales and financial results. Other than utilizing netting and offsetting intercompany account management techniques to reduce known exposures, the Company does not use derivative financial instruments to mitigate its foreign currency risk at the present time.

The Company uses various metals in the production of its products, including zinc, copper and silver. The Company's earnings are exposed to fluctuations in the prices of these commodities. The Company does not currently use derivative financial instruments to mitigate this commodity price risk.

ITEM 8. Financial Statements and Supplementary Data

The Report of Independent Auditors and the Consolidated Financial Statements and notes thereto of the Company set forth on pages 27 through 34 of the Annual Report to Stockholders are incorporated herein by reference. They are also included in Exhibit 13.1 as filed with the SEC.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

ITEM 10. Directors and Executive Officers of the Registrant

The information set forth under "Election of Directors" in the Proxy Statement is incorporated herein by reference. The information set forth under "Executive Officers of the Registrant" in Part I of this Report is incorporated herein by reference.

ITEM 11. Executive Compensation

The information set forth under "Compensation of Executive Officers" in the Proxy Statement is incorporated herein by reference, except for the sections captioned "Reports of the Compensation Committee on Executive Compensation" and "Company Performance."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under "Ownership of Littelfuse, Inc. Common Stock" in the Proxy Statement is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions

The information set forth under "Certain Relationships and Related Transactions" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Financial Statements and Schedules

(1) Financial Statements. The following financial statements included in the Annual Report to Stockholders are incorporated herein by reference.

(i) Report of Independent Auditors (page 34)

(ii) Consolidated Statements of Financial Condition as of January 2, 1999 and January 3, 1998 (pages 22 and 23).

(iii) Consolidated Statements of Income for the years ended January 2, 1999, January 3, 1998 and December 28, 1996 (page 24).

(iv) Consolidated Statements of Cash Flows for the years ended January 2, 1999, January 3, 1998 and December 28, 1996 (page 25).

(v) Consolidated Statements of Shareholders' Equity for the years ended January 2, 1999, January 3, 1998 and December 28, 1996. (page 26).

(vi) Notes to Consolidated Financial Statements (pages 27-33).

(2) Financial Statement Schedules. The following financial statement schedules are submitted herewith for the periods indicated therein.

(I) Schedule II-Valuation and Qualifying Accounts and Reserves

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) Exhibits

See Exhibit Index on pages 22-24, incorporated herein by reference.

(b) Reports on Form 8-K

There were no reports on Form 8-K during the fourth quarter of 1998.

LITTELFUSE, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(In Thousands)

Description	Balance at Beginning Of Year	Additions Charged to Costs and Expenses	Deductions (A)	Balance at End of Year
Year ended January 2, 1999				
Allowance for losses on accounts receivable	$ 1,118	$ 626	$ 641	$ 1,103
Reserves for sales discounts and allowances	$ 4,781	$ 1	$ --	$ 4,782
Year ended January 3, 1998				
Allowance for losses on accounts receivable	$ 896	$ 410	$ 188	$ 1,118
Reserves for sales discounts and allowances	$ 4,161	$ 620	$ --	$ 4,781
Year ended December 28, 1996				
Allowance for losses on accounts receivable	$ 863	$ 236	$ 203	$ 896
Reserves for sales discounts and allowances	$ 3,038	$ 1,123	$ --	$ 4,161

(A) Write-off of uncollectible accounts, net of recoveries and foreign currency translation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Littelfuse, Inc.

By /s/ Howard B. Witt
Howard B. Witt, Chairman, President
and Chief Executive Officer

Date: March 18, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ Howard B. Witt — Chairman of the Board, President and Chief Executive Officer
Howard B. Witt

/s/ John P. Driscoll — Director
John P. Driscoll

/s/ Anthony Grillo — Director
Anthony Grillo

/s/ Bruce A. Karsh — Director
Bruce A. Karsh

/s/ John E. Major — Director
John E. Major

/s/ John J. Nevin John J. Nevin	Director
/s/ Philip G. Franklin Philip G. Franklin	Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)

LITTELFUSE INC.
INDEX TO EXHIBITS

Number	Description of Exhibit a)	Sequentialc) Page Number
2.1	Plan of Reorganization under Chapter 11 of the Bankruptcy Code of Old Littelfuse.	
3.1	Certificate of Incorporation (as amended to date).	
3.1A	Certificate of Designations of Series A Preferred Stock (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated December 1, 1995 (1934 Act File No. 0-20388) and incorporated herein by reference.)	
3.2	Bylaws	
b)4.1	Second amended restated bank credit agreement among Littelfuse, Inc., as borrower, the lenders named therein and the First National Bank of Chicago, as agent, dated as of September 1, 1998.	
4.2	Registration Rights Agreement, dated as of December 27, 1991, between Littelfuse, Inc. and The Toronto-Dominion Bank Trust Company, as agent.	
4.3	Warrant Agreement, dated as of December 27, 1991, between Littelfuse, Inc., and LaSalle National Trust, N.A., as warrant agent, together with form of Warrant. (filed as exhibit 4.3A to the Company's Form 10-Q for the quarterly period ended June 28, 1997 (1934 Act File No. -20388) and incorporated herein by reference), as amended.	
4.4	Stock Plan for Employees and Directors of Littelfuse, Inc. d)	
4.5	Form of Stock Option Agreement	
4.6	Specimen Common Stock certificate.	
4.7	Littelfuse, Inc. Retirement Plan dated January 1, 1992, as amended and restated.d)	

_____

a) All of the exhibits, (except those filed herewith or specifically noted as being incorporated by reference from a different filing under the Securities as of 1933 or Securities act of 1934) were filed as exhibits to the Company's Form 10 as filed with the Securities and Exchange Commission which became effective on September 16, 1992 (1934 Act File No. 0-20388) and are incorporated herein by reference.

b) Filed herewith.

c) This information appears only in the manually signed copy of the report.

d) Indicates an employee benefit plan, management contract or compensatory plan or arrangement in which a named executive officer participates.

Sequentialc)
Page Number

Description of Exhibit a)

Number

4.8 Littelfuse, Inc. 401(k) Savings Plan.d)

4.9 Note Purchase Agreement, dated as of August 31, 1993, relating to $45,000,000 principal amount of Littelfuse, Inc. 6.31% Senior Notes due August 31, 2000.

4.10 Littelfuse Rights Plan Agreement, dated as of December 15, 1995, between Littelfuse, Inc. and LaSalle National Bank, as Rights Agent, together with Exhibits thereto, as amended.

b)4.11 Note Purchase Agreement dated as of September 1, 1998, relating to $60,000,000 principal amount of Littelfuse, Inc. 6.16% Senior Notes due September 1, 2005.

10.1 Lease Agreement (with option to purchase), dated December 27, 1991, between Littelfuse, Inc. and Westmark Systems, Inc.

10.3 Patent License Agreement, dated as of July 28, 1995, between Littelfuse, Inc. and Pacific Engineering Company, Ltd.(filed as exhibit 10.3 to the Company's Form 10K for the year ended December 28, 1996)

10.4 MINI(R) and MAXITM License Agreement, dated as of June 21, 1989, between Littelfuse, Inc. and Cooper Industries, Inc.

10.5 Patent License Agreement, dated as of January 1, 1987, between Littelfuse, Inc. and Cooper Industries, Inc.

10.6 1993 Stock Plan for Employees and Directors of Littelfuse, Inc., as amended d)

10.7 Littelfuse, Inc. Supplemental Executive Retirement Plan.d)

b)10.8 Littelfuse Deferred Compensation Plan for Non-employee Directors, as amended.d)

Number	Description of Exhibit a)	Sequentialc) Page Number
10.9	Littelfuse Executive Loan Program (filed as Exhibit 10.2 to the Company's Form 10Q for the quarterly period ended June 30, 1995 (1934 Act File No. 0-20388) and incorporated herein by reference.)d)	
10.10	Employment Agreement dated as of September 1, 1996 between Littelfuse, Inc. and Howard B. Witt. d)	
10.11	Change of Control Employment Agreement dated as of September 1, 1996 between Littelfuse, Inc. and Howard B. Witt. d)	
10.12	Form of change of Control Employment Agreement dated as of September 1, 1996 between Littelfuse, Inc. and Messrs. Anderson, Audino, Barron, Krueger and Turner. d)	
b)10.13	Form of change of Control Employment Agreement dated as of January 4, 1999 between Littelfuse, Inc. and Mr. Franklin. d)	
b)13.1	Portions of Littelfuse Annual Report to Stockholders for the fiscal year ended January 2, 1999.	
b)22.1	Subsidiaries.	
b)23.1	Consent of Independent Auditors.	

Exhibit 22.1

SUBSIDIARIES

Littelfuse, S.A. de C.V.
Littelfuse FSC
Littelfuse Do Brazil

Littelfuse, B.V.
Littelfuse, A.G.
Littelfuse Limited

Littelfuse Far East Pte Ltd.
Littelfuse HK Limited
Littelfuse Holdings Pte Ltd.
Suzhou Littelfuse OVS Ltd.
Littelfuse KK
Littelfuse Triad Inc.
Littelfuse Phils Inc.

5

0000889331
Littelfuse, Inc.
1,000
USD

Year
Jan-02-1999
Jan-04-1998
Jan-02-1999
1
27,961
0
41,382
5,885
36,209
111,098
163,571
85,783
250,544
51,967
0
0
0
200
0
250,544
269,540
269,540
169,341
0
0
0
3,989
30,009
10,124
0
0
0
0
19,885
0.97
0.86

Exhibit 4.1

EXECUTION COPY

$55,000,000

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

AMONG

LITTELFUSE, INC.,

as Borrower,

THE LENDERS NAMED HEREIN

and

THE FIRST NATIONAL BANK OF CHICAGO,

as Agent

DATED AS OF

September 1, 1998

ARRANGED BY

FIRST CHICAGO CAPITAL MARKETS, INC.

TABLE OF CONTENTS

ARTICLE XIII

EXHIBITS

SCHEDULES

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of September 1, 1998, is among LITTELFUSE, INC., a Delaware corporation, as Borrower, the Lenders and THE FIRST NATIONAL BANK OF CHICAGO, individually and as Agent.

W I T N E S S E T H:

WHEREAS, the Borrower has previously entered into that certain Credit Agreement dated as of August 31, 1993 among the Borrower, the lenders named therein and The First National Bank of Chicago, as Agent (as amended through but not including April 26, 1996, the "Original Credit Agreement"), pursuant to which the lenders thereunder made a term loan and extended a revolving credit facility to the Borrower;

WHEREAS, the Borrower has previously repaid the term loan to the Lenders;

WHEREAS, the Borrower has previously entered into that certain Amended and Restated Credit Agreement dated as of April 26, 1996 among the Borrower, the lenders named therein and The First National Bank of Chicago as Agent (as amended through but not including the date hereof, the "Existing Credit Agreement"), pursuant to which the lenders thereunder increased the revolving credit facility to $65,000,000 and made certain other amendments to the Original Credit Agreement; and

WHEREAS, the Borrower, the Lenders and the Agent wish to decrease the revolving credit facility to $55,000,000 and make certain other amendments to the Existing Credit Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements made herein, the Borrower, the Agent and the Lenders hereby agree, subject to the fulfilment of the conditions precedent set forth in Section 4.1, that the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

1 ARTICLE DEFINITIONS

As used in this Agreement:

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made on the same Borrowing Date by the Lenders (or, in the case of a Swing Line Advance, by the Swing Line Bank) to the Borrower (a) of the same Type and (b) in the case of Eurocurrency Advances, denominated in the same Agreed Currency and for the same Interest Period, made by the Lenders on the same Borrowing Date.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise, other than solely through such Person's duties as an officer of the controlled Person.

"Agent" means First Chicago in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders hereunder.

"Agreed Currencies" means (a) Dollars, (b) so long as such currencies remain Eligible Currencies, British Pounds Sterling, German Deutsche Marks, Dutch Guilders, French Francs, Swiss Francs, Japanese Yen, and, from and after becoming generally available in the international currency and exchange markets, the Euro and (c) any other Eligible Currency which the Borrower requests the Agent to include as an Agreed Currency hereunder and which is acceptable to all of the Lenders. For the purposes of this definition, each of the specific currencies referred to in clause (b), above, shall mean and be deemed to refer to the lawful currency of the jurisdiction referred to in connection with such currency, e.g., "Swiss Francs" means the lawful currency of Switzerland. The Agent shall promptly notify each Lender of each such request for inclusion of any currency described in the immediately preceding clause (c) as an Agreed Currency and each Lender shall be deemed to have agreed to each such request if its objection thereto has not been received by the Agent within five (5) Business Days from the date of such notification by the Agent to such Lender.

"Agreement" means this Credit Agreement, as it may be amended, modified or restated and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with those used in preparing the financial statements referred to in Section 5.5.

"Air Regulations" is defined in Section 5.20.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (a) the Corporate Base Rate for such day and (b) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"Applicable Commitment Fee Rate" means, at any time, the percentage rate per annum at which commitment fees are accruing on the unused portion of the Aggregate Commitment at such time as set forth in the Pricing Schedule.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Approximate Equivalent Amount" of any currency with respect to any amount of Dollars shall mean the Equivalent Amount of such currency with respect to such amount of Dollars on or as of such date, rounded up to the nearest smallest denomination of such currency as determined by the Agent from time to time.

"Arranger" means First Chicago Capital Markets, Inc., a Delaware corporation, and its successors.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means any of the Chief Executive Officer, Chief Financial Officer or Controller of the Borrower, acting singly.

"Bankruptcy Code" means Title 11, United States Code, sections 1 et seq., as the same may be amended from time to time, and any successor thereto or replacement therefor which may be hereafter enacted.

"Borrower" means Littelfuse, Inc., a Delaware corporation, and its successors and assigns.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (a) with respect to any borrowing, payment or rate selection of Eurocurrency Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York, for the conduct of substantially all of their commercial lending activities and on which dealings in Dollars and the other Agreed Currencies are carried on in the London interbank market (and, if the Advances which are the subject of such borrowing, payment or rate selection are denominated in Euro, a day upon which such clearing system as is determined by the Agent to be suitable for clearing or settlement of the Euro is open for business), and (b) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition for value of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles excluding (a) the cost of assets acquired under Capitalized Lease Obligations, (b) expenditures of insurance proceeds to rebuild or replace any asset after a casualty loss, and (c) leasehold improvement expenditures for which the Borrower or a Subsidiary is reimbursed promptly by the lessor.

"Capitalization" means at any date the sum of (a) the Obligations as of such date, plus (b) all unpaid principal of the 1993 Senior Notes and the 1998 Senior Notes as of such date, plus (c) all unpaid principal of other long-term Indebtedness of the Borrower and its Subsidiaries as of such date, plus (d) the shareholders' equity of the Borrower as of such date, as determined in accordance with Agreement Accounting Principles.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"CERCLA" is defined in Section 6.24.

"Change" is defined in Section 3.2.

"Change in Control" means the acquisition by any Person, or two or more Persons acting in concert, in each case other than Trust Company of the West or any Affiliate thereof, including without limitation an acquisition effected by means of any transaction contemplated by Section 6.12 hereof, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 20% or more of the outstanding shares of voting stock of the Borrower.

"Closing Date" means August 31, 1993.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans not exceeding the amount set forth opposite its signature below or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.2, as such amount may be modified from time to time pursuant to the terms hereof.

"Computation Date" is defined in Section 2.2.

"Condemnation" is defined in Section 7.8.

"Consolidated" or "consolidated", when used in connection with any calculation, means a calculation to be determined on a consolidated basis for the Borrower and its Subsidiaries in accordance with Agreement Accounting Principles.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement or take-or-pay contract or application for a Letter of Credit.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Corporate Base Rate" means a rate per annum equal to the corporate base rate of interest announced by First Chicago from time to time, changing when and as said corporate base rate changes. The Corporate Base Rate is a reference rate and does not necessarily represent the lowest or best rate of interest actually charged to any customer. First Chicago may make commercial loans or other loans at rates of interest at, above or below the Corporate Base Rate.

"Debt Ratio" means, for any date, the ratio of Indebtedness of the Borrower and its Subsidiaries on a consolidated basis on such date to EBITDA of the Borrower and its Subsidiaries on a consolidated basis for the four fiscal quarters ending on such date.

"Default" means an event described in Article VII.

"Departing Lenders" means the Long-Term Credit Bank of Japan, Limited and NationsBank, N.A.

"Dollar Amount" of any currency at any date shall mean (a) the amount of such currency if such currency is Dollars or (b) the Equivalent Amount of Dollars if such currency is any currency other than Dollars, calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Agent for such currency on the London market at 11:00 a.m., London time, on or as of the most recent Computation Date provided for in Section 2.2.

"Dollars" and "$" shall mean the lawful currency of the United States of America.

"EBITDA" means Net Income plus, to the extent deducted from revenues in determining Net Income, (a) interest expense, (b) expense for taxes paid or accrued, (c) depreciation, (d) amortization and (e) extraordinary losses incurred other than in the ordinary course of business, minus, to the extent included in Net Income, extraordinary gains realized other than in the ordinary course of business, all calculated for the Borrower and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles.

"Eligible Currency" means any currency other than Dollars (a) that is readily available, (b) that is freely traded, (c) in which deposits are customarily offered to banks in the London interbank market, (d) which is convertible into Dollars in the international interbank market and (e) as to which an Equivalent Amount may be readily calculated. If, after the designation by the Lenders of any currency as an Agreed Currency, (i) currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, (ii) such currency is, in the determination of the Agent, no longer readily available or freely traded or (iii) in the determination of the Agent, an Equivalent Amount of such currency is not readily calculable, the Agent shall promptly notify the Lenders and the Borrower, and such currency shall no longer be an Agreed Currency until such time as all of the Lenders agree to reinstate such currency as an Agreed Currency and promptly, but in any event within five Business Days of receipt of such notice from the Administrative Agent, the Borrower shall repay all Loans in such affected currency or convert such Loans into Loans in Dollars or another Agreed Currency, subject to the other terms set forth in Article II.

"Environmental Laws" shall have the meaning set forth in Section 5.20.

"Equivalent Amount" of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Agent for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Euro" and/or "EUR" means the euro referred to in Council Regulation (EC) No. 1103/97 dated June 17, 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of Economic and Monetary Union.

"Euro Implementation Date" means the first date (currently expected to be January 1, 1999) on which the Euro becomes the currency of some or all of the member states of the European Union.

"Eurocurrency" means any Agreed Currency.

"Eurocurrency Advance" means an Advance which bears interest at the applicable Eurocurrency Rate.

"Eurocurrency Loan" means a Loan which bears interest at the applicable Eurocurrency Rate.

"Eurocurrency Payment Office" of the Agent shall mean, for each of the Agreed Currencies, the office, branch, affiliate or correspondent bank of the Agent specified as the "Eurocurrency Payment Office" for such currency in Schedule 1.1 hereto or such other office, branch, affiliate or correspondent bank of the Agent as it may from time to time specify to the Borrower and each Lender as its Eurocurrency Payment Office.

"Eurocurrency Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurocurrency Reference Rate applicable to such Interest Period, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) the Applicable Margin. The Eurocurrency Rate shall be rounded to the next higher multiple of 1/16 of 1% if the rate is not such a multiple.

"Eurocurrency Reference Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the rate determined by the Agent to be

the rate at which First Chicago offers to place deposits in the applicable Agreed Currency with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of the First Chicago's relevant Eurocurrency Loan and having a maturity equal to such Interest Period.

"Excluded Taxes" is defined in Section 2.24(a).

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Credit Agreement" is defined in the recitals to this Agreement.

"Existing Lenders" means those lenders party to the Existing Credit Agreement.

"Facility Termination Date" means August 31, 2003.

"Federal Funds Effective Rate" means, for any day, an interest 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 for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Financial Statements" is defined in Section 5.5.

"First Chicago" means The First National Bank of Chicago in its individual capacity, and its successors.

"Floating Rate" means, for any day, a rate of interest per annum equal to the Alternate Base Rate for such day, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which bears interest at the Floating Rate.

"Governmental Authority" is defined in Section 2.24(a).

"Indebtedness" of a Person means such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances, or other instruments, (e) obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property, (f) Capitalized Lease Obligations, (g) Rate Hedging Obligations, (h) Contingent Obligations, (i) obligations for which such Person is obligated pursuant to or in respect of a Letter of Credit, and (j) Off-Balance Sheet Liabilities.

"Interest Expense Coverage Ratio" means for any applicable computation period, the ratio of EBITDA for such period to the Borrower's and its Subsidiaries' interest expenses on a consolidated basis for such period. For purposes of this definition only "interest expenses" shall mean the aggregate of all interest paid or accrued by the Borrower and its Subsidiaries, including, without limitation, all interest, fees and costs payable with respect to the Obligations, the 1993 Senior Notes and the 1998 Senior Notes (other than fees and costs which may be capitalized as transaction costs in accordance with Agreement Accounting Principles), the interest portion of any Capitalized Lease payments, and any dividends paid or accrued on the Borrower's preferred stock, all as determined in accordance with Agreement Accounting Principles.

"Interest Period" means, with respect to a Eurocurrency Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter; provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade), deposit account or contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, partnership interests, notes, debentures, bonds, interests in mutual funds or other securities owned by such Person; any deposit accounts and certificate of

deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Agent, any office, branch, subsidiary or affiliate of such Lender or the Agent with respect to each Agreed Currency listed on Schedule 1.2 or, with respect to any Lender, on the administrative information sheets provided to the Agent by such Lender in connection herewith or otherwise selected by such Lender or the Agent pursuant to Section 2.20.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender or the Swing Line Bank, any loan made by such Lender or the Swing Line Bank pursuant hereto, and "Loans" means with respect to the Lenders and the Swing Line Bank, the aggregate of all Advances.

"Loan Documents" means this Agreement, the Notes and the other documents and agreements contemplated hereby and executed by the Borrower in favor of the Agent or any Lender.

"Margin Stock" has the meaning assigned to such term under Regulation U.

"Material Adverse Effect" means a material adverse effect on (a) the business, Property, condition (financial or otherwise), performance, results of operations or prospects of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower or any Subsidiary to perform its obligations under the Loan Documents, or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent or the Lenders thereunder.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"National Currency Unit" means the unit of currency (other than a Euro unit) of each member state of the European Union that participates in the third stage of Economic and Monetary Union.

"Net Income" means, for any computation period, with respect to the Borrower on a consolidated basis with its Subsidiaries (other than any Subsidiary which is restricted from declaring or paying dividends or otherwise advancing funds to its parent whether by contract or otherwise), cumulative net income earned during such period in accordance with Agreement Accounting Principles.

"Net Worth" means at any date the consolidated common stockholders' equity of the Borrower and its consolidated Subsidiaries determined in accordance with Agreement Accounting Principles.

"1993 Senior Note Agreement" means, collectively, those certain Note Purchase Agreements entered into between the Borrower and each purchaser named therein, dated as of August 31, 1993, as the same has been or may be amended, supplemented or modified.

"1993 Senior Note Documents" means the 1993 Senior Notes, the 1993 Senior Note Agreement and the other documents executed and delivered in connection therewith.

"1993 Senior Notes" means those certain 6.31% Senior Notes due August 31, 2000, issued by the Borrower pursuant to the 1993 Senior Note Agreement in the aggregate principal amount of $45,000,000.

"1998 Senior Note Agreement" means, that certain Note Purchase Agreement which may be entered into between the Borrower and each purchaser named therein, as the same may be amended, supplemented or modified after the Restatement Date.

"1998 Senior Note Documents" means the 1998 Senior Notes, the 1998 Senior Note Agreement and the other documents executed and delivered in connection therewith.

"1998 Senior Notes" means those certain 6.16% Senior Notes due September 1, 2005 which may be issued by the Borrower pursuant to the 1998 Senior Note Agreement in the aggregate principal amount of $60,000,000.

"Note" is defined in Section 2.16.

"Notice of Assignment" is defined in Section 12.3.2.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders

or to any Lender, the Agent or any indemnified party hereunder arising under any of the Loan Documents.

"Off Balance Sheet Liability" of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any liability under any Sale and Leaseback Transaction which does not create a liability on the balance sheet of such Person, (c) any liability under any financing lease or so-called "synthetic lease" transaction entered into by such Person or (d) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person, but excluding Operating Leases.

"Operating Lease" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Original Credit Agreement" is defined in the recitals to this Agreement.

"Original Currency" is defined in Section 2.14(b).

"Participants" is defined in Section 12.2.1.

"Payment Date" means the last day of each March, June, September and December.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Pro-rata" means, when used with respect to a Lender, and any described aggregate or total amount, an amount equal to such Lender's pro-rata share or portion based on its percentage of the Aggregate Commitment or if the Aggregate Commitment has been terminated, its percentage of the aggregate principal amount of outstanding Advances.

"Purchase" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, division thereof, whether through purchase of assets, merger or otherwise, or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Purchasers" is defined in Section 12.3.1.

"Rate Hedging Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and (b) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of such Board of Governors relating to the extension of credit by securities brokers and dealers for the purpose of purchasing or carrying margin stocks applicable to such

Persons.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to such Persons.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by the specified lenders for the purpose of purchasing or carrying margin stocks applicable to such Persons.

"Rentals" of a Person means the aggregate fixed amounts payable by such Person under any lease of Property, including without limitation Capitalized Leases having an original term (including any required renewals or any renewals at the option of the lessor or lessee) of one year or more.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 66-2/3% of the Equivalent Amount of the aggregate unpaid principal amount of the outstanding Loans.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) of general application which is imposed under Regulation D on Eurocurrency liabilities.

"Restatement Date" means September 1, 1998.

"Revolving Credit Advance" means an Advance made by the Lenders to the Borrower pursuant to Section 2.1.

"Revolving Credit Loan" means, with respect to a Lender, such Lender's pro-rata portion of all Revolving Credit Advances.

"Risk-Based Capital Guidelines" is defined in Section 3.2.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Solvent" means, when used with respect to a Person, that (a) the fair saleable value of the assets of such Person is in excess of the total amount of the present value of its liabilities (including for purposes of this definition all liabilities (including loss reserves as determined by the Borrower), whether or not reflected on a balance sheet prepared in accordance with Agreement Accounting Principles and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed), (b) such Person is able to pay its debts or obligations in the ordinary course as they mature and (c) such Person does not have unreasonably small capital to carry out its business as conducted and as proposed to be conducted. "Solvency" shall have a correlative meaning.

"Subsidiary" of a Person means (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (b) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (a) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the end of the quarter next preceding the date on which such determination is made, or (b) is responsible for more than 10% of the consolidated net sales or of the consolidated net income of the Borrower and its Subsidiaries for the 12 month period ending as of the end of the quarter next preceding the date of determination.

"Swing Line Advance" means a borrowing hereunder consisting of the aggregate amount of the Swing Line Loan(s) made by the Swing Line Bank to the Borrower on the same Borrowing Date pursuant to Section 2.10.

"Swing Line Bank" means First Chicago and its respective successors and assigns.

"Swing Line Commitment Amount" means the maximum principal amount of Swing Line Loans which the Swing Line Bank may, in its sole discretion, make pursuant to Section 2.10, as the same may be terminated or permanently reduced from time to time hereunder. The initial Swing Line Commitment Amount shall be $5,000,000. The Swing Line Commitment Amount will automatically and permanently reduce to $0 on the Facility Termination Date.

"Swing Line Loan" means a Loan made in Dollars by the Swing Line Bank pursuant to Section 2.10.

"Tax Sharing Agreement" means that certain Tax Indebtedness Sharing Agreement dated as of December 27, 1991 between Littelfuse, Inc. and the other parties listed therein.

"Taxes" is defined in Section 2.24(a).

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or Eurocurrency Advance.

"Unfunded Liabilities" means the amount (if any) by which the present value of all accrued (vested and unvested) benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans and valued on a basis consistent with that used to prepare the Borrower's annual audited financial statements.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Unrefunded Swing Line Loans" is defined in Section 2.10(d).

"U.S. Lender" means a Lender incorporated under the laws of the United States of America or a state thereof.

"Utilization" means, for any calendar quarter, a percentage equal to the average aggregate principal amount of Loans outstanding during such calendar quarter divided by the Aggregate Commitment as of the end of such calendar quarter.

"Wholly-Owned Subsidiary" of a Person means (a) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (b) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Year 2000 Issues" means anticipated costs, problems and uncertainties associated with the inability of certain computer applications to effectively handle data including dates on and after January 1, 2000, as such inability affects the business, operations and financial condition of the Borrower and its Subsidiaries and of the Borrower's and its Subsidiaries' material customers, suppliers and vendors.

"Year 2000 Program" is defined in Section 5.21.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

1 ARTICLE THE CREDITS

1.1 Commitment . From and including the date hereof to but not including the Facility Termination Date, each Lender severally (and not jointly) agrees, on the terms and conditions set forth in this Agreement, to make pro-rata Revolving Credit Advances to the Borrower in Agreed Currencies from time to time in amounts not to exceed in the aggregate at any one time outstanding the Dollar Amount of its Commitment, less the amount of such Lender's pro-rata share of the outstanding principal amount of all Swing Line Advances (regardless of which Lender made such Swing Line Advances) exclusive of Swing Line Advances being repaid substantially contemporaneously with the making of any such Revolving Credit Advances; provided that all Floating Rate Loans shall be made in Dollars. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Credit Advances at any time prior to the Facility Termination Date. The Commitments to lend hereunder shall expire on the Facility Termination Date. 1.2 1.3 Determination of Dollar Amounts; Required Payments; Termination . 1.4 1.5 (a) The Agent will determine the Dollar Amount of: 1.6 1.7 (i) each Advance as of the date two Business Days prior to the Borrowing Date or, if applicable, date of conversion/continuation of such Advance; and 1.8 (ii) all outstanding Revolving Credit Advances on and as of the last Business Day of each quarter and on any other Business Day elected by the Agent in its discretion or upon instruction by the Required Lenders. 1.9 1.10 Each day upon or as of which the Agent determines Dollar Amounts as described in the preceding clauses (i) and (ii) is herein described as a "Computation Date" with respect to each Revolving Credit Advance for which a Dollar Amount is determined on or as of such day. If at any time the Dollar Amount of the sum of the aggregate principal amount of all outstanding Revolving Credit Advances and Swing Line Advances (calculated, with respect to those Advances denominated in Agreed Currencies

other than Dollars, as of the most recent Computation Date with respect to each such Advance) exceeds the Aggregate Commitment, the Borrower shall immediately repay Revolving Credit Advances and Swing Line Advances in an aggregate principal amount sufficient to eliminate any such excess. If at any time the Dollar Amount of the aggregate principal amount of all Revolving Credit Advances denominated in Agreed Currencies other than Dollars (calculated as of the most recent Computation Date) exceeds $10,000,000, the Borrower will immediately repay Revolving Credit Advances so denominated in an aggregate principal amount sufficient to eliminate any such excess. 1.11 1.12 (b) Each Revolving Credit Advance shall mature, and the principal amount thereof and the unpaid accrued interest thereon shall be due and payable along with all other unpaid Obligations, on the Facility Termination Date. 1.13 1.14 Ratable Loans . Each Advance hereunder shall consist of Loans made from the several Lenders ratably in proportion to the ratio that their respective Commitments bear to the Aggregate Commitment. 1.15 1.16 Types of Advances . The Advances may be Floating Rate Advances, Eurocurrency Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9; provided that the Dollar Amount of Revolving Credit Advances denominated in Agreed Currencies other than Dollars may not at any time exceed $10,000,000. 1.17 (a) Commitment and Utilization Fees; Reductions in Aggregate Commitment . The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee at a per annum rate equal to the Applicable Commitment Fee Rate on the daily unused portion of such Lender's Commitment (based on the Equivalent Amount of the principal amount of the aggregate Loans (determined, with respect to each Loan, as of the date such Loan was made or, in the case of a Loan which has been continued, upon the date of continuation) from the date hereof to and including the Facility Termination Date, payable in arrears on each Payment Date hereafter and on the Facility Termination Date. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder. For purposes of calculating the commitment fee hereunder, (i) Swing Line Loans shall not constitute usage hereunder and (ii) the principal amount of each Advance made in an Agreed Currency other than Dollars shall be at any time the Dollar Amount of such Advance as determined on the most recent Computation Date with respect to such Advance. (b) (c) The Borrower also agrees to pay to the Agent for the pro-rata account of the Lenders a utilization fee for each calendar quarter that Utilization is greater than 50% from the date hereof to and including the later of the Facility Termination Date and the date all Advances and other Obligations are paid in full. Such utilization fee shall be payable on each Payment Date and on the Facility Termination Date and shall be equal to .05% per annum multiplied by the average aggregate outstanding principal amount of the Advances during such calendar quarter. (d) (e) The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in a minimum aggregate amount of $1,000,000 or any integral multiple of $100,000 in excess thereof, upon at least two Business Days' written notice to the Agent, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Commitment may not be reduced below the aggregate principal Dollar Amount of the outstanding Revolving Credit Advances. (f) 1.18 Minimum Amount of Each Advance . Each Eurocurrency Advance shall be in the minimum amount having a Dollar Amount of $1,000,000 (and in multiples of $500,000 if in excess thereof), and each Floating Rate Advance shall be in the minimum amount of $500,000 (and in multiples of $100,000 if in excess thereof); provided, however, that (a) any Floating Rate Advance may be in the amount of the unused Aggregate Commitment and (b) in no event shall more than six (6) Eurocurrency Advances be permitted to be outstanding at any time. 1.19 1.20 Optional Principal Payments . The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of $500,000 or any integral multiple of $100,000 in excess thereof, any portion of the outstanding Floating Rate Advances upon one (1) Business Day's prior notice to the Agent. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurocurrency Advances, or, in a minimum aggregate amount of $1,000,000 or any integral multiple of $500,000 in excess thereof (or the Approximate Equivalent Amount if denominated in an Agreed Currency other than Dollars), any portion of the outstanding Eurocurrency Advances upon three Business Days' prior notice to the Agent. 1.21 1.22 Method of Selecting Types and Interest Periods for New Advances . The Borrower shall select the Type of Advance and, in the case of each Eurocurrency Advance, the Interest Period and Agreed Currency applicable to each Advance from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 2:00 p.m. (Chicago time) at least one (1) Business Day before the Borrowing Date of each Floating Rate Advance and not later than 10:00 a.m. (Chicago time) at least three (3) Business Days before the Borrowing Date for each Eurocurrency Advance, specifying: 1.23 (a) the Borrowing Date, which shall be a Business Day, of such Advance;

(a) the aggregate amount of such Advance, which, when added to the Equivalent Amount of all outstanding Revolving Credit Advances and Swing Line Advances, and after giving effect to the repayment of any outstanding Advances out of the proceeds of the requested Advance, shall not exceed the Aggregate Commitment; (b) (c) the Type of Advance selected; and

(a) in the case of each Eurocurrency Advance, the Interest Period and Agreed Currency applicable thereto.

(a) Conversion and Continuation of Outstanding Advances . Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurocurrency Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurocurrency Advance shall continue as a Eurocurrency Advance until repaid or the end of the then applicable Interest Period therefor, at which time: (b) (i) each such Eurocurrency Advance denominated in Dollars shall be automatically converted into a Floating

Rate Advance unless (x) such Eurocurrency Advance is or was

repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance either continue as a Eurocurrency Advance for the same or another Interest Period or be converted into a Floating Rate Advance; and

(i) Each such Eurocurrency Advance denominated in an Agreed Currency other than Dollars shall automatically continue as a Eurocurrency Advance in the same Agreed Currency with an Interest Period of one month unless (x) such Eurocurrency Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance continue as a Eurocurrency Advance for the same or another Interest Period.

Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of an Advance of any Type into any other Type or Types of Advances denominated in the same or any other Agreed Currency; provided, that any conversion of any Eurocurrency Advance shall be made on, and only on, the last day of the Interest Period applicable thereto.

(a) The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of an Advance or continuation of a Eurocurrency Advance not later than 2:00 p.m. (Chicago time) at least one (1) Business Day, in the case of a conversion into a Floating Rate Advance, or not later than 10:00 a.m. (Chicago time) three (3) Business Days, in the case of a conversion into or continuation of a Eurocurrency Advance, prior to the date of the requested conversion or continuation, specifying:

(i) the requested date which shall be a Business Day, of such conversion or continuation;

(i) the Agreed Currency; and

(i) the amount and Type(s) of Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurocurrency Advance, the duration of the Interest Period applicable thereto.

1.1 Swing Line Advances .
1.2
1.3 (a) On the terms and subject to the conditions and relying upon the representations and warranties herein set forth, the Swing Line Bank may, in its sole discretion, from time to time from and including the date hereof to but excluding the earlier of the Facility Termination Date and the termination of the Commitments, in accordance with the terms hereof, make Swing Line Loans to the Borrower in an aggregate principal amount at any time outstanding not to exceed the least of (i) the amount of the Swing Line Commitment at such time, (ii) the amount which, when added to the aggregate principal amount of outstanding Swing Line Loans and the Swing Line Bank's pro-rata share of outstanding Revolving Credit Loans, exceeds the amount of the Swing Line Bank's Commitment, and (iii) an amount equal to (x) the Aggregate Commitment at such time minus (y) the sum of the aggregate principal Dollar Amount of all Revolving Credit Loans and Swing Line Loans outstanding at such time. Each Swing Line Loan shall be made by the Swing Line Bank at the Alternate Base Rate (or such other rate as may be agreed to by the Borrower and the Swing Line Bank) and may not be converted pursuant to Section 2.9 into a Eurocurrency Advance. All Swing Line Loans shall be in a minimum amount of $1,000,000 and in any integral multiple of $500,000 if in excess thereof. In no event shall any Swing Line Loan be made hereunder if the Agent and the Swing Line Bank shall have received written notice from the Required Lenders prior to any such Swing Line Loan that a condition specified in Section 4.1 or 4.2 has not been satisfied and such condition shall not have been subsequently waived in compliance with Section 8.2.
1.4
1.5 (b) The Borrower shall give the Swing Line Bank (with a copy to the Agent) telephonic, written or telecopy notice (in the case of telephonic notice, such notice shall be promptly confirmed in writing or by telecopy) not later than 3:00 p.m., Chicago time, on a day of a proposed Swing Line Advance. Such notice shall be delivered on a Business Day, shall be irrevocable and shall refer to this Agreement and shall specify the requested Borrowing Date (which shall be a Business Day) and the amount of such Swing Line Advance. The Swing Line Bank shall by 4:00 p.m., Chicago time, on the requested Borrowing Date, make the requested Swing Line Loan by crediting the principal amount thereof, in immediately available funds, to the account of the Borrower maintained with the Swing Line Bank unless such Advance shall not occur on such date because any condition precedent herein specified shall not have been met or the Swing Line Bank elects not to make the requested Swing Line Loan. Each Swing Line Loan shall be repaid with accrued interest on the thirteenth Business Day following the Borrowing Date thereof; provided that each Swing Line Loan may on a single occasion be extended as described in Section 2.10(c)(i)(y) below. 1.6 1.7 (c) Notwithstanding the occurrence of any Default or noncompliance with the conditions precedent set forth in Article IV, if (i) any Swing Line Loan shall remain outstanding at 10 a.m. (Chicago time) on the twelfth Business Day following the Borrowing Date thereof and if by such time on such twelfth Business Day the Agent shall have received neither (x) a Borrowing Notice delivered by the Borrower pursuant to Section 2.8 requesting that Revolving Credit Loans be made on the immediately succeeding Business Day in an amount at least equal to the aggregate principal amount of such Swing Line Loan, (y) a

written request that such Swing Line Loan be extended for an additional period of thirteen (13) Business Days, which request has been consented to by the Swing Line Bank, nor (z) any other notice satisfactory to the Agent indicating the Borrower's intent to repay all such Swing Line Loans on or before such succeeding Business Day with funds obtained from other sources, or (ii) on any date the Swing Line Bank in its sole discretion shall so request with respect to the outstanding Swing Line Loans, the Agent shall be deemed to have received a Borrowing Notice from the Borrower pursuant to Section 2.8 requesting that an Advance of Revolving Credit Loans at the Floating Rate be made pursuant to Section 2.1 on such succeeding Business Day in an amount equal to the aggregate amount of such Swing Line Loans, and the procedures set forth in Section 2.11 shall be followed in making such Revolving Credit Loans; provided that the proceeds of such Revolving Credit Loans received by the Agent shall be immediately delivered to the Swing Line Bank and applied to the direct repayment of such Swing Line Loans. Effective on the day such Revolving Credit Loans are made, the portion of the Swing Line Loans so repaid shall no longer be outstanding as Swing Line Loans and shall be outstanding as Revolving Credit Loans of the Lenders bearing interest at a rate determined by reference to the Floating Rate, in accordance with the provisions of this Article II. The Borrower authorizes the Agent and the Swing Line Bank to charge the Borrower's account maintained with the Swing Line Bank (up to the amount available in such account) in order to immediately pay the amount of any Swing Line Loans to the extent amounts received from the Lenders are not sufficient to repay in full such Swing Line Loans. If any portion of any such amount paid (or deemed paid) to the Swing Line Bank should be recovered by or on behalf of the Borrower from the Swing Line Bank in the event of the bankruptcy or reorganization of the Borrower or otherwise, the loss of the amount so recovered shall be ratably shared among all Lenders in the manner contemplated by Section 11.2. 1.8 1.9 (d) If, for any reason (including, without limitation, the occurrence of a Default described in Section 7.6 or 7.7 of Article VII), Revolving Credit Loans at the Floating Rate may not be, or are not, made pursuant to paragraph (c) of this Section 2.10 to repay Swing Line Loans as required by such paragraph and the applicable Swing Line Loan or Swing Line Loans have not otherwise been repaid, effective on the date such Revolving Credit Loans would otherwise have been made, each Lender severally, unconditionally and irrevocably agrees that it shall, without regard to the occurrence of any Default, purchase a participating interest in such Swing Line Loans ("Unrefunded Swing Line Loans") in an amount equal to the amount of Revolving Credit Loans which would otherwise have been made by such Lender pursuant to paragraph (c) of this Section 2.10. Each Lender will immediately transfer to the Agent, in immediately available funds, the amount of its participation, and the proceeds of such participation shall be distributed by the Agent to the Swing Line Bank in such amount as will reduce the amount of the participating interest retained by the Swing Line Bank in its Swing Line Loans to the amount of the Revolving Credit Loans which were to have been made by the Swing Line Bank pursuant to paragraph (c) of this Section 2.10. In the event a Lender fails to make available to the Swing Line Bank the amount of such Lender's participation as provided in this paragraph (d), the Swing Line Bank shall be entitled to recover such amount on demand from such Lender together with interest at the customary rate set by the Swing Line Bank for correction of errors among banks for one Business Day and thereafter at the Alternate Base Rate then in effect. All payments in respect of Unrefunded Swing Line Loans and participations therein shall be made in accordance with Section 2.14. 1.10 1.11 (e) Each Lender's obligation to make Revolving Credit Loans pursuant to paragraph (c) of this Section 2.10 and to purchase participating interests pursuant to paragraph (d) of this Section 2.10 shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender or the Borrower may have against the Swing Line Bank, the Borrower or any other Person, as the case may be, for any reason whatsoever; (ii) the occurrence or continuance of a Default; (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any of its Subsidiaries; (iv) any breach of this Agreement by the Borrower, any of its Subsidiaries or any Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. 1.12 1.13 Method of Borrowing . On each Borrowing Date, each Lender shall make available its Loan or Loans, if any, (a) if such Loan is denominated in Dollars, not later than noon, Chicago time, in Federal or other funds immediately available to the Agent, in Chicago, Illinois at its address specified in or pursuant to Article XIII and (b) if such loan is denominated in an Agreed Currency other than Dollars, not later than noon, local time, in the city of the Agent's Eurocurrency Payment Office for such currency, in such funds as may then be customary for the settlement of international transactions in such currency in the city of and at the address of the Agent's Eurocurrency Payment Office for such currency. Unless the Agent determines that any applicable condition specified in Article IV has not been satisfied, the Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address. Notwithstanding the foregoing provisions of this Section 2.11, to the extent that a Loan made by a Lender matures on the Borrowing Date of a requested Loan, such Lender shall apply the proceeds of the Loan it is then making to the repayment of principal of the maturing Loan. 1.14 1.15 Changes in Interest Rate , etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurocurrency Advance into a Floating Rate Advance pursuant to Section 2.9 to but excluding the date it becomes due or is converted into a Eurocurrency Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurocurrency Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including), the last day of such Interest Period at the interest rate determined by the Agent as applicable to such Eurocurrency Advance based upon the Borrower's selections under Section 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date. 1.16 1.17 Rates Applicable

After Default . Notwithstanding anything to the contrary contained in Section 2.8 or 2.9 during the continuance of a Default, the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Revolving Credit Advance may be made as, converted into or continued as a Eurocurrency Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that each Eurocurrency Advance, Floating Rate Advance and Swing Line Advance shall bear interest for the remainder of the applicable Interest Period in the case of Eurocurrency Advances) at the rate otherwise applicable plus 3% per annum; provided that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth above shall be applicable to all Advances without any election or action on the part of the Agent or any Lender. 1.18 1.19 Method of Payment . (a) Each Advance shall be repaid and each payment of interest thereon shall be paid in the currency in which such Advance was made or, where such currency has converted to the Euro, in the Euro. All payments of the Obligations hereunder shall be made, without setoff, deduction or counterclaim, in immediately available funds to the Agent at (except as set forth in the next sentence) the Agent's address specified pursuant to, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (local time) on the date when due and shall be applied ratably by the Agent among the Lenders. All payments to be made by the Borrower hereunder in any currency other than Dollars shall be made in such currency on the date due in such funds as may then be customary for the settlement of international transactions in such currency for the account of the Agent, at its Eurocurrency Payment Office for such currency and shall be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received, at, (i) with respect to Floating Rate Loans and Eurocurrency Loans denominated in Dollars, its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender and (ii) with respect to Eurocurrency Loans denominated in an Agreed Currency other than Dollars, in the funds received from the Borrower at the address of the Agent's Eurocurrency Payment Office for such currency. The Agent is hereby authorized to charge any account of the Borrower maintained with First Chicago or any of its Affiliates for each payment of principal, interest and fees as it becomes due hereunder. 1.20 1.21 (b) Notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Advance was made (the "Original Currency") no longer exists or the Borrower is not able to make payment to the Agent for the account of the Lenders in such Original Currency, then all payments shall be made by the Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrower take all risks of the imposition of any such currency control or exchange regulations. For purposes of this Section 2.14(b), the commencement of the third stage of European Economic and Monetary Union and the occurrence of the Euro Implementation Date shall not constitute the imposition of currency control or exchange regulations. 1.22 1.23 European Economic and Monetary Union . 1.24

2.15.1. Advances After the Euro Implementation Date . If any Advance made (or to be made) on or after the Euro Implementation Date would, but for the provisions of this Section 2.15.1, be capable of being made in either the Euro or in a National Currency Unit, such Advance shall be made in the Euro.

2.15.2 Rounding and Other Consequential Changes . With effect on and from the Euro Implementation Date:

(a) without prejudice to any method of conversion or rounding prescribed by any legislative measures of the Council of the European Union, each reference in this Agreement to a fixed amount or to fixed amounts in a National Currency Unit to be paid to or by the Agent shall, notwithstanding any other provision of this Agreement, be replaced by a reference to such comparable and convenient fixed amount or fixed amounts in the Euro as the Agent may from time to time specify; and

(b) the Agent may notify the other parties to this Agreement of any modifications to this Agreement which the Agent (acting reasonably and after consultation with the other parties to this Agreement) determines to be necessary as a result of the commencement of the third stage of European Economic and Monetary Union and the occurrence of the Euro Implementation Date. Notwithstanding any other provision of this Agreement, any modifications of which the Agent so notifies the other parties shall take effect in accordance with the terms of such notification. So far as possible, such modifications shall be such as to put the parties in the same position as if the Euro Implementation Date had not occurred. However, if and to the extent that the Agent determines that it is not possible to put the parties in such position, the Agent may give priority to putting the Agent, the Arranger and the Lenders into such position.

1.1 Noteless Agreement; Evidence of Indebtedness . (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. 1.2 1.3 (b) The Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Agreed Currency and Type thereof and the Interest

Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof. 1.4 1.5 (c) The entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms. 1.6 1.7 (d) Any Lender may request that its Loans be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender in the form of Exhibit A or B, as applicable. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.3, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (a) and (b) above. 1.8 1.9 Telephonic Notices . The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Agreed Currencies and Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error. 1.10 1.11 Interest Payment Dates; Interest and Fee Basis . Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurocurrency Advance on a day other than a Payment Date shall be payable on the next Payment Date. Interest accrued on each Eurocurrency Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurocurrency Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurocurrency Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year; provided, that interest on Eurocurrency Advances denominated in British Pounds Sterling shall be calculated on the basis of a 365-day or 366-day year, as appropriate, for the actual number of days elapsed. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment. 1.12 1.13 Notification of Advances, Interest Rates, Prepayments and Revolving Credit Commitment Reductions . Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Agent will notify each Lender of the interest rate applicable to each Eurocurrency Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate. 1.14 1.15 Lending Installations . Each Lender may book its Loans at the appropriate Lending Installation listed on Schedule 1.2 hereto or such other Lending Installation designated by such Lender in accordance with the final sentence of this Section 2.20. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written notice to the Agent and the Borrower, in accordance with Article XIII, designate replacement or additional Lending Installations, through which Loans will be made by it and for whose account Loan payments are to be made. 1.16 1.17 Non-Receipt of Funds by the Agent . Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (a) in the case of a Lender, the proceeds of a Loan, or (b) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (ii) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan. 1.18 1.19 Market Disruption . Notwithstanding the satisfaction of all conditions referred to in Article II and Article IV with respect to any Advance in any Agreed Currency other than Dollars, if there shall occur on or prior to the date of such Advance any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Agent or the Required Lenders make it impracticable for the Eurocurrency Loans comprising such Advance to be denominated in the Agreed Currency specified by the Borrower, then the Agent shall forthwith give notice

thereof to the Borrower and the Lenders, and such Loans shall not be denominated in such Agreed Currency but shall, except as otherwise set forth in Section 2.15.1, be made on such Borrowing Date in Dollars, in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Borrowing Notice or Conversion/Continuation Notice, as the case may be, as Floating Rate Loans, unless the Borrower notifies the Agent at least one Business Day before such date that (a) it elects not to borrow on such date or (b) it elects to borrow on such date in a different Agreed Currency, as the case may be, in which the denomination of such Loans would in the opinion of the Agent and the Required Lenders be practicable and in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Borrowing Notice or Conversion/Continuation Notice, as the case may be. 1.20 1.21 Judgment Currency . If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the specified currency with such other currency at the Agent's main Chicago office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due to any Lender or the Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Agent, as the case may be, in the specified currency, the Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 12.2, such Lender or the Agent, as the case may be, agrees to remit such excess to the Borrower. 1.22 1.23 Taxes . 1.24 1.25 (a) All sums payable by the Borrower whether in respect of principal, interest, fees or otherwise shall be paid without deduction for any present and future taxes, levies, imposts, charges or withholdings imposed by any country, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (a "Governmental Authority") thereof or therein, any jurisdiction from which any or all such payments are made and any political subdivision or taxing authority thereof or therein, excluding income and franchise taxes (and deductions and withholdings therefor) imposed on the Agent or any Lender (i) by the jurisdiction under the laws of which the Agent (in the case of payments to the Agent) or such Lender is organized or any Governmental Authority or taxing authority thereof or therein, or (ii) by any jurisdiction in which the Agent's (in the case of payments to the Agent) or such Lender's applicable Lending Installations are located or any Governmental Authority or taxing authority thereof or therein (such excluded taxes, deductions and withholdings, collectively, "Excluded Taxes"; and all such taxes, levies, imposts, deductions, charges and withholdings (including Excluded Taxes), collectively, "Taxes"), which amounts shall be paid by the Borrower as provided in Section 2.24(b), provided, however, that in no event shall the Borrower have any responsibility for or be required to pay any penalties arising from the gross negligence or willful misconduct of the Agent or Lender seeking compensation. As set forth in the preceding sentence, the Borrower will pay each Lender the amounts necessary such that the net amount of the principal, interest, fees or other sums received and retained by each Lender is not less than the amount payable under this Agreement. 1.26 1.27 (b) If (i) the Borrower or any other Person is required by law to make any deduction or withholding on account of any Tax (other than Excluded Taxes) or other amount from any sum paid or expressed to be payable by the Borrower to any Lender under this Agreement (other than on account of Excluded Taxes); or (ii) any party to this Agreement (or any Person on its behalf) other than the Borrower is required by law to make any deduction or withholding from, or (other than on account of any Excluded Tax) any payment on or calculated by reference to the amount of, any such sum received or receivable by any Lender under this Agreement: 1.28

(A) the Borrower shall notify the Agent of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it and such Lender shall promptly notify the Borrower of any such requirement or any change of such requirement as soon as such Lender becomes aware thereof;

(B) to the extent the Borrower is aware or is so notified by such Lender, the Borrower shall pay any such Tax or other amount before the date on which penalties attached thereto become due and payable, such payment to be made (if the liability to pay is imposed on the Borrower) for its own account or (if that liability is imposed on any other party to this Agreement) on behalf of and in the name of that party;

(C) the sum payable by the Borrower in respect of which the relevant deduction, withholding or payment is required shall (except, in the case of any such payment, to the extent that the amount thereof is not ascertainable when that sum is paid, provided no amount is actually withheld from such payment) be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, that party receives on the due date and retains (free from any liability in respect of any such deduction, withholding or payment) a sum equal to that which it would have received and so retained had no such deduction, withholding or payment been required

or made; and

(D) within thirty (30) days after payment of any sum from which the Borrower is required by law to make any deduction or withholding, and within thirty (30) days after the due date of payment of any Tax or other amount which it is required by this Section 2.24 ---------- to pay, it shall deliver to the Agent all such certified documents and other evidence as to the making of such deduction, withholding or payment as (1) are reasonably satisfactory to other affected parties as proof of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority and (2) are reasonably required by any such party to enable it to claim a tax credit with respect to such deduction, withholding or payment.

(c) The Borrower shall not be obligated to make any payments under this Section 2.24 to any Lender which is not a U.S. Lender until such Lender shall have delivered the tax forms required to be delivered by it pursuant to Section 2.24(d).

(d) At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Lender, each Lender which is not a U.S. Lender agrees that it will deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrower and the Agent two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

1.1 Agent's Fees . The Borrower shall pay to the Agent those fees, in addition to the commitment fees referenced in Section 2.5(a), in the amounts and at the times separately agreed to between the Agent and the Borrower. 1.2

1 ARTICLE CHANGE IN CIRCUMSTANCES

1.1 Yield Protection . (a) If, after the Restatement Date, the adoption of or any change in any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or the compliance of any Lender therewith,

(i) subjects any Lender or any applicable Lending Installation or Eurocurrency Payment Office to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding taxation of the overall net income of any Lender or applicable Lending Installation in respect of its Eurocurrency Advances, or

(i) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation in respect of its Eurocurrency Advances (other than reserves and assessments taken into account in determining the interest rate applicable to Eurocurrency Advances), or

(i) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Eurocurrency Advances Loans including, without limitation, any conversion of any Loan denominated in an Agreed Currency other than Euro into a Loan denominated in Euro) or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Eurocurrency Advances, or requires any Lender or any applicable Lending Installation or Eurocurrency Payment Office to make any payment calculated by reference to the amount of its Eurocurrency Advances held, or interest received by it in respect thereof, by an amount deemed material by such Lender,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation of making or maintaining its Eurocurrency Advances or Commitment then, within 15 days of demand by such Lender, the Borrower shall pay such Lender that portion of such increased expense incurred or resulting in an amount received which such Lender determines is attributable to making, funding and maintaining its Eurocurrency Advances and its Commitment in respect thereof.

(b) In addition to any other amounts payable by the Borrower hereunder, each Lender may require the Borrower to pay, contemporaneously with each payment of interest on Eurocurrency Advances of the Borrower additional interest on the related Eurocurrency Loan of such Lender at the percentage calculated from time to time by such Lender to be the percentage required to fully compensate such Lender for all reserve costs, liabilities, expenses and

assessments which have been incurred by such Lender (or its applicable Lending Installation or Eurocurrency Payment Office) pursuant to requirements of applicable law or any applicable governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) regarding the making, funding or maintaining of such Eurocurrency Loan (including, without limitation, any and all liquid asset maintenance requirements of the Bank of England and any reserve requirements of Regulation D), to the extent that any such amount is not already included in the determination of the Eurocurrency Rate. Any Lender wishing to require payment of such additional interest (i) shall so notify the Borrower and the Agent pursuant to Section 3.5, in which case such additional interest on the Eurocurrency Loans of such Lender shall be payable in the applicable Agreed Currency to such Lender at the place indicated in such notice with respect to each Interest Period commencing at least five (5) Business Days after the giving of such notice and (ii) shall notify the Borrower at least five (5) Business Days prior to each date on which interest is payable on such Eurocurrency Loans of the amount then due it under this Section 3.1(b); provided, however, that if a Lender fails to give such prior notice, then such additional interest shall be payable five (5) business Days after such notice if given.

1.1 Changes in Capital Adequacy Regulations . If a Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans or its obligation to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (a) any change after the Restatement Date in the Risk-Based Capital Guidelines, or (b) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the Restatement Date which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (a) the risk-based capital guidelines in effect in the United States on the Restatement Date, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the Restatement Date. 1.2 1.3 Availability of Types of Advances . If any Lender determines that maintenance of its Eurocurrency Advances at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (a) deposits of a type, currency and maturity appropriate to match fund Eurocurrency Advances are not available to banks in the London interbank market, (b) the interest rate applicable to a Type of Eurocurrency Advance does not accurately or fairly reflect the cost of deposits generally available to banks in the London interbank market, or (c) a fundamental change has occurred in the foreign exchange or interbank markets with respect to the applicable Agreed Currency (including, without limitation, changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls), which change has the effect of making deposits in the applicable Agreed Currency generally not available to banks in the London interbank market, then the Agent shall suspend the availability of the affected Type of Advance and require any Eurocurrency Advances of the affected Type to be repaid. 1.4 1.5 Funding Indemnification . If any payment of a Eurocurrency Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurocurrency Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify the Agent and each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurocurrency Advance. 1.6 1.7 Lender Statements; Survival of Indemnity . To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurocurrency Advances to reduce any liability of the Borrower to such Lender under Sections 2.24(a), 3.1 and 3.2 or to avoid the unavailability of a Type of Advance under Section 3.3, so long as such designation is not disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Sections 2.24(a), 3.1, 3.2 or 3.4. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurocurrency Advance shall be calculated as though each Lender funded its Eurocurrency Advances through the purchase of a deposit of the type, currency and maturity corresponding to the deposit used as a reference in determining the Eurocurrency Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of the written statement. The obligations of the Borrower under Sections 2.24(a), 3.1, 3.2 and 3.4 shall survive payment of the Obligations and termination of this Agreement. 1.8

1 ARTICLE CONDITIONS PRECEDENT

1.1 Amendment and Restatement . This Agreement shall not become effective until the Borrower has furnished to the Agent with sufficient copies for the Lenders:

(a) Charter Documents. Copies of the certificate of incorporation of the Borrower, together with all amendments, and a

certificate of good standing, both certified by the appropriate governmental officer in its jurisdiction of incorporation.

(a) By-Laws and Resolutions. Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) authorizing the execution, delivery and performance of the Loan Documents to which the Borrower is a party.

(a) Secretary's Certificate. An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signature of the officers of the Borrower authorized to sign the Loan Documents and to make borrowings hereunder, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

(a) Officer's Certificate. A certificate, dated the Restatement Date, signed by an Authorized ---------- Officer of the Borrower, in form and substance satisfactory to the Required Lenders, to the effect that: (i) on the Restatement Date no Default or Unmatured Default has occurred and is continuing; (ii) no injunction or temporary restraining order which would prohibit the making of the Loans or the consummation of any of the other transactions contemplated by any of the Loan Documents (collectively the "Restatement Transactions"), or other litigation which could ---------- reasonably be expected to have a Material Adverse Effect is pending or, to the best of such Person's knowledge, threatened; (iii) all orders, consents, approvals, licenses, authorizations, or validations of, or filings, recordings or registrations with, or exemptions by, any governmental or public body or authority, or any subdivision thereof, required to make or consummate the Restatement Transactions have been or, prior to the time required, will have been, obtained, given, filed or taken and are or will be in full force and effect (or the Borrower has obtained effective judicial relief with respect to the application thereof) and that all applicable waiting periods have expired; (iv) the Loan Documents are in full force and effect and no term or condition thereof has been amended, modified or waived after the execution thereof except with the written consent of the Agent; (v) each of the representations and warranties set forth in Article V of this Agreement is true and correct on and as of the --------- date hereof; and (vi) since January 3, 1998, no event or change has occurred that has caused or evidences a Material Adverse Effect.

(a) Legal Opinion. A written opinion of the Borrower's counsel, addressed to the Agent and the Lenders in form and substance acceptable to the Agent and its counsel.

(a) Notes. To the extent required by any Lender, Notes payable to the order of each such Lender ----- duly executed by the Borrower.

(a) Transfer Instructions. Written money transfer instructions addressed to the Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Agent may have reasonably requested.

(a) Year 2000. Information satisfactory to the Agent and the Required Lenders regarding the Borrower's Year 2000 Program.

(a) Loan Documents. Executed originals of this Agreement and each of the other Loan Documents to be executed on the Restatement Date, which shall be in full force and effect, together with all schedules, exhibits, certificates, instruments, opinions, documents and financial statements required to be delivered pursuant hereto and thereto.

(a) Certain Payments. The Borrower shall have paid to the Agent for the ratable account of the Existing Lenders the full amount of all principal, interest and fees outstanding or accrued and unpaid under the Existing Credit Agreement.

(a) Departing Lenders. The Departing Lenders shall have consented to this Agreement and the reduction to $0 of their respective commitments hereunder, such consent to be in form and substance satisfactory to the Agent.

(a) Fees. Evidence that the Borrower shall have paid all fees due or owing on the Restatement Date pursuant to that certain letter agreement with First Chicago dated as of July 22, 1998.

(a) Other. Such other documents as the Agent or any Lender or its counsel may have reasonably ----- requested.

1.1 Each Future Advance . The Lenders shall not be required to make any Advance unless on the applicable Borrowing Date: 1.2 (a) There exists no Default or Unmatured Default and none would result from such Advance;

(a) The representations and warranties contained in Article V are true and correct as of such Borrowing Date except as to matters occurring after the date hereof and affecting solely the accuracy of Schedule 5.9, 5.10, 5.16, 5.20 or 5.22;

(a) A Borrowing Notice shall have been properly submitted; and

(a) All legal matters incident to the making of such Advance shall be satisfactory to the Lenders and their counsel.

Each Borrowing Notice with respect to each such Advance shall constitute a representation and warranty by the Borrower that the conditions contained in Section 4.2 have been satisfied. Any Lender may require a duly completed compliance certificate in substantially the form of Exhibit C hereto as a condition to making an Advance.

1 ARTICLE REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that, both before and after giving effect to the Restatement Transactions:

1.1 Corporate Existence and Standing . Each of the Borrower and each Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation and is duly qualified and in good standing as a foreign corporation and is duly authorized to conduct its business in each jurisdiction in which its business is conducted or proposed to be conducted.
1.2
1.3 Authorization and Validity . The Borrower has all requisite power and authority (corporate and otherwise) and legal right to execute and deliver each of the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.
1.4
1.5 Compliance with Laws and Contracts . The Borrower and its Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Neither the execution and delivery by the Borrower of the Loan Documents, the application of the proceeds of the Loans, the consummation of any transaction contemplated in the Loan Documents, nor compliance with the provisions of the Loan Documents will, or at the relevant time did, (a) violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any Subsidiary or the Borrower's or any Subsidiary's articles or certificate of incorporation or by-laws, (b) violate the provisions of or require the approval or consent of any party to any indenture, instrument or agreement to which the Borrower or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien (other than Liens permitted by the Loan Documents) in, of or on the property of the Borrower or any Subsidiary pursuant to the terms of any such indenture, instrument or agreement, or (c) require any consent of the stockholders of any Person, except for approvals or consents which will be obtained on or before the initial Advance and are disclosed on Schedule 5.3, except for any violation of, or failure to obtain an approval or consent required under, any such indenture, instrument or agreement that could not reasonably be expected to have a Material Adverse Effect. 1.6 1.7 Governmental Consents . No order, consent, approval, qualification, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of, any court, governmental or public body or authority, or any subdivision thereof, any securities exchange or other Person is or at the relevant time was required to authorize, or is or at the relevant time was required in connection with the execution, delivery, consummation or performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents, the application of the proceeds of the Loans or the consummation of any transaction contemplated in the Loan Documents. Neither the Borrower nor any Subsidiary is in default under or in violation of any foreign, federal, state or local law, rule, regulation, order, writ, judgment, injunction, decree or award binding upon or applicable to the Borrower or such Subsidiary, in each case the consequences of which default or violation could reasonably be expected to have a Material Adverse Effect. 1.8 1.9 Financial Statements . The Borrower has heretofore furnished to each of the Lenders (a) the January 3, 1998 audited consolidated financial statements of the Borrower and its Subsidiaries, and (b) the unaudited consolidated financial statements of the Borrower and its Subsidiaries through April 4, 1998 (collectively, the "Financial Statements"). Each of the Financial Statements was prepared in accordance with Agreement Accounting Principles and fairly presents the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the respective periods then ended (except, in the case of such unaudited statements, for normal year-end audit adjustments and the absence of footnotes). 1.10 1.11 Material Adverse Change . No material adverse change in the business, Property, condition (financial or otherwise), performance, prospects or results of operations of the Borrower and its Subsidiaries has occurred since January 3, 1998. 1.12 1.13 Taxes . The Borrower and its Subsidiaries have filed or caused to be filed all United States federal and applicable state tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and to which no Lien exists. No United States income tax returns of the Borrower on a consolidated basis have been audited by the Internal Revenue Service. No tax liens have been filed and no claims are being asserted with respect to any such taxes which could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are

in accordance with Agreement Accounting Principles. 1.14 1.15 Litigation and Contingent Obligations . There is no litigation, arbitration, proceeding, inquiry or governmental investigation (including, without limitation, by the Federal Trade Commission) pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any Subsidiary or any of their respective properties (a) which could reasonably be expected to have a Material Adverse Effect or to prevent, enjoin or unduly delay the making of the Loans or Advances under this Agreement or (b) as of the date of this Agreement, except as set forth in Schedule 5.8. Neither the Borrower nor any Subsidiary has any material contingent obligations except as set forth on Schedule 5.8. 1.16 1.17 Capitalization . Schedule 5.9 hereto contains an accurate list of all of the existing Subsidiaries as of the date of this Agreement, setting forth their respective jurisdictions of incorporation and the percentage of their capital stock owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of the Borrower and of each Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable, and all such shares of each Subsidiary are free and clear of all Liens. Except as set forth on Schedule 5.9, no authorized but unissued or treasury shares of capital stock of the Borrower or any Subsidiary are subject to any option, warrant, right to call or commitment of any kind or character. Except as set forth on Schedule 5.9, neither the Borrower nor any Subsidiary has any outstanding stock or securities convertible into or exchangeable for any shares of its capital stock, or any right issued to any Person (either preemptive or other) to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or other) of, or any calls, commitments or claims of any character relating to any of its capital stock or any stock or securities convertible into or exchangeable for any of its capital stock other than as expressly set forth in the certificate or articles of incorporation of the Borrower or such Subsidiary. Neither the Borrower nor any Subsidiary is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock or any convertible securities, rights or options of the type described in the preceding sentence except as otherwise set forth on Schedule 5.9. 1.18 1.19 ERISA . Except as set forth on Schedule 5.10 hereto, the Borrower does not maintain any Single Employer Plans. The Borrower has no Unfunded Liabilities with respect to any Single Employer Plans. Neither the Borrower nor any other member of the Controlled Group is a party to any Multiemployer Plan or has incurred, or is reasonably expected to incur, any withdrawal liability to any Multiemployer Plan. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so and no steps have been taken to reorganize or terminate any Plan. 1.20 1.21 Defaults . No Default or Unmatured Default has occurred and is continuing. 1.22 1.23 Federal Reserve Regulations . Neither the Borrower nor any Subsidiary is engaged, directly or indirectly, principally, or as one of its important activities, in the business of extending, or arranging for the extension of, credit for the purpose of purchasing or carrying Margin Stock. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation T, Regulation U or Regulation X. Neither the making of any Advance hereunder, nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X. Following the application of the proceeds of any Revolving Loan, less than 25% of the value (as determined by any reasonable method) of the assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder taken as a whole have been, and will continue to be, represented by Margin Stock. 1.24 1.25 Investment Company . Neither the Borrower nor any Subsidiary is, or after giving effect to any Advance will be, an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. 1.26 1.27 Certain Fees . Other than as disclosed on Schedule 5.14, no broker's or finder's fee or commission was, is or will be payable by the Borrower or any Subsidiary with respect to any of the transactions contemplated by this Agreement. The Borrower hereby agrees to indemnify the Agent and the Lenders against and agrees that it will hold each of them harmless from any claim, demand or liability for broker's or finder's fees or commissions alleged to have been incurred by the Borrower in connection with any of the transactions contemplated by this Agreement and any expenses (including, without limitation, attorneys' fees and time charges of attorneys for the Agent or any Lender, which attorneys may be employees of the Agent or any Lender) arising in connection with any such claim, demand or liability. No other similar fee or commissions will be payable by the Borrower or any Subsidiary for any other services rendered to the Borrower or any Subsidiary ancillary to any of the transactions contemplated by this Agreement. 1.28 1.29 Solvency . As of the date hereof, after giving effect to the consummation of the Restatement Transactions and the payment of all fees, costs and expenses payable by the Borrower with respect to the Restatement Transactions, each of the Borrower and each Subsidiary is Solvent. 1.30 Ownership of Properties . Except as set forth on Schedule 5.16 hereto, the Borrower and its Subsidiaries have a subsisting leasehold interest in, or good and marketable title, free of all Liens, other than those permitted by Section 6.17, to all of the properties and assets reflected in the Financial Statements as being owned by it, except for assets sold, transferred or otherwise disposed of in the ordinary course of business since the date thereof. Schedule 5.16 hereto contains a true, complete and accurate list of all real property owned or leased by the Borrower and indicates whether such property is owned or leased. To the knowledge of the Borrower, there are no actual, threatened or alleged defaults with respect to any leases of real property under which the Borrower or any Subsidiary is lessee or lessor which could reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries own or possess rights to use all licenses, patents, patent applications, copyrights, servicemarks, trademarks and trade names necessary to continue to conduct their business as heretofore conducted, and no such license, patent or trademark has been declared invalid, been limited by order of any court or by agreement or is the subject of any infringement, interference or similar proceeding or challenge, except for

challenges which could not reasonably be expected to have a Material Adverse Effect. 1.31 1.32 Indebtedness . Attached hereto as Schedule 5.17 is a complete and correct list of all Indebtedness of the Borrower and its Subsidiaries outstanding on the date of this Agreement (other than Indebtedness in a principal amount not exceeding $5,000 for a single item of Indebtedness and $50,000 in the aggregate for all such Indebtedness), showing the aggregate principal amount which was outstanding on such date after giving effect to the making of the Loans and the sale of the 1998 Senior Notes. The Borrower has delivered or caused to be delivered to the Lenders a true and complete copy of each instrument evidencing any Indebtedness listed on Schedule 5.17 and of each document pursuant to which any of such Indebtedness was issued except as set forth on Schedule 5.17. 1.33 1.34 Employee Controversies . There are no strikes, work stoppages or controversies pending or threatened between the Borrower or any Subsidiary and any of its employees, other than employee grievances arising in the ordinary course of business, which, in the aggregate, could not reasonably be expected to have a Material Adverse Effect. 1.35 1.36 Material Agreements . Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect. 1.37 1.38 Hazardous Materials . Neither the Borrower nor any Subsidiary has received any notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (hereinafter "Environmental Laws") with respect to, or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment. Neither the Borrower nor any Subsidiary has caused or permitted any toxic or hazardous waste or product to be disposed of, either on or under real property legally or beneficially owned or operated by the Borrower or any Subsidiary, that could reasonably be expected to have a Material Adverse Effect. No such real property has ever been used as a dump site or storage site for any toxic or hazardous waste, substance or product that could reasonably be expected to have a Material Adverse Effect. The failure, if any, of the Borrower or any Subsidiary, in connection with the operation of their business, to obtain or be in compliance with any permit, certificate, license, approval and other authorization, or to file any notification or report relating to chemical substances, air emissions, effluent discharges and storage, treatment, transport and disposal has not had and could not reasonably be expected to have, a Material Adverse Effect. The Borrower and its Subsidiaries have no liabilities with respect to toxic or hazardous waste or product, and no facts or circumstances exist which could give rise to liabilities with respect to toxic or hazardous waste or product, which, in either case, have or could reasonably be expected to have a Material Adverse Effect. Except as disclosed on Schedule 5.20, the Borrower and its Subsidiaries have no liabilities exceeding $100,000 with respect to toxic or hazardous waste or product and no facts or circumstances exist which could give rise to such liabilities with respect to toxic or hazardous waste product. None of the matters disclosed on Schedule 5.20, have or could reasonably be expected to have a Material Adverse Effect. As of the date hereof, the Borrower and its Subsidiaries have no liabilities exceeding $100,000 with respect to compliance with applicable federal, state and local laws, statutes, codes, rules or regulations relating to the protection of the air and atmosphere, including, without limitation, the Clean Air Act, 42 U.S.C. ss. 7401 et seq., and the Illinois Air Pollution Rules and Regulations, 35 Ill. Admin. Code ss. 201.101 et seq. (collectively, "Air Regulations"), and no facts or circumstances exist which could give rise to such liabilities with respect to compliance with applicable Air Regulations, and the operation and production of the Borrower and its Subsidiaries will not be materially impacted or affected by Borrower's and its Subsidiaries' compliance with applicable Air Regulations. 1.39 1.40 Year 2000 . The Borrower has made a full and complete assessment of the Year 2000 Issues and has a realistic and achievable program for remediating the Year 2000 Issues on a timely basis (the "Year 2000 Program"). Based on such assessment and on the Year 2000 Program the Borrower does not reasonably anticipate that Year 2000 Issues will have a Material Adverse Effect. 1.41 1.42 Insurance . Each of the Borrower and each Subsidiary carries and has in existence insurance which is adequate to protect it. Schedule 5.22 completely and accurately summarizes the property and casualty insurance in existence and carried by the Borrower applicable to its domestic operations and includes the insurer's or insurers' name(s), policy number(s), expiration date(s), amount(s) of coverage, type(s) of coverage, exclusion(s), and deductibles. Schedule 5.22 also includes similar information, and describes any reserves, relating to any self-insurance program covering the domestic operations of the Borrower or any Subsidiary that is in effect. 1.43 1.44 Disclosure . None of the (a) information, exhibits or reports furnished or to be furnished by the Borrower or any Subsidiary to the Agent or to any Lender in connection with the negotiation of the Loan Documents, or (b) representations or warranties of the Borrower or any Subsidiary contained in this Agreement, the other Loan Documents or any other document, certificate or written statement furnished to the Agent or the Lenders by or on behalf of the Borrower or any Subsidiary for use in connection with the transactions contemplated by this Agreement, contained, contains or will contain any untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. The pro forma financial information contained in such materials is based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made. There is no fact known to the Borrower (other than matters of a general economic nature) that has had or could reasonably be expected to have a Material Adverse Effect and that has not been disclosed herein or in such other documents, certificates and statements furnished to the Lenders for use in connection with the transactions contemplated by this Agreement. 1.45 1.46 Contracts . The Borrower has no actual knowledge that any party is in default under any material

contract, agreement, franchise, lease, permit, consent, license or commitment applicable thereto. Without limiting the generality of the foregoing, the Borrower has no actual knowledge that any equipment necessary for the continued operation of its businesses (and those of its Subsidiaries) as now conducted, and as proposed to be conducted, is being utilized, operated and maintained other than in conformity in all material respects with the provisions of such contracts, agreements, franchises, leases, permits, consents and licenses applicable thereto.

1 ARTICLE COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

1.1 Financial Reporting . The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, consistently applied, and furnish to the Lenders:

(a) As soon as practicable and in any event within 90 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants, acceptable to the Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated and consolidating basis (consolidating statements need not be certified by such accountants) for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by (i) any management letter prepared by said accountants, (ii) a certificate of said accountants that, in the course of the examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof, (iii) a letter from said accountants addressed to the Lenders acknowledging that the Lenders are extending credit in primary reliance on such financial statements and authorizing such reliance, and (iv) a certificate describing any changes which would be required to be made to Schedules 5.9, 5.10, 5.16, 5.20 and 5.22 in order ------------ ---- ---- ---- ---- to make such Schedules accurate as of such date.

(a) As soon as practicable and in any event within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(a) As soon as practicable and in any event within 30 days after the end of each month, for itself and its Subsidiaries, consolidated and consolidating unaudited profit and loss and reconciliation of surplus statements and a statement of cash flows and an unaudited balance sheet of the Borrower and its Subsidiaries as at the end of such monthly period and for the period from the beginning of such fiscal year to the end of such monthly period, setting forth in each case in comparative form consolidated figures for the corresponding period in the preceding fiscal year and to the projections delivered for such fiscal year, all prepared in accordance with Agreement Accounting Principles and in reasonable detail and all certified by the chief financial officer of the Borrower.

(a) As soon as available, but in any event not later than the last Business Day in February of each year, a copy of the plan and forecast (including a projected consolidated and consolidating balance sheet, income statement and funds flow statement) of the Borrower and its Subsidiaries for such year.

(a) Together with the financial statements required by clauses (a) and (b) above, a compliance certificate in substantially the form of Exhibit C hereto signed by its chief financial officer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(a) Within 270 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, certified as correct by an actuary enrolled under ERISA.

(a) As soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

(a) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (i) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (ii) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.

(a) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

(a) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission.

(a) Promptly upon the execution thereof, copies of the 1998 Senior Notes and 1998 Senior Note Agreement.

(a) Such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

1.1 Use of Proceeds . The Borrower will, and will cause each Subsidiary to, use the proceeds of the Loans to provide funds for repurchases of the Borrower's common stock and common stock warrants, Purchases and Investments in joint ventures and to meet the working capital needs of the Borrower and its Subsidiaries. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances (a) to purchase or carry any Margin Stock or (b) in connection with any hostile takeover.
1.2
1.3 Notice of Default . The Borrower will, and will cause each Subsidiary to, give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or other, which could reasonably be expected to have a Material Adverse Effect.
1.4
1.5 Conduct of Business . The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and to do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted. 1.6 1.7 Taxes . The Borrower will, and will cause each Subsidiary to, pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside. 1.8 1.9 Insurance . The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Borrower will furnish to the Agent or any Lender upon request full information as to the insurance carried. 1.10 1.11 Compliance with Laws . The Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, the failure to comply with which could reasonably be expected to have a Material Adverse Effect. 1.12 1.13 Maintenance of Properties . The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times. 1.14 1.15 Inspection . The Borrower will, and will cause each Subsidiary to, permit the Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, corporate books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Lenders may designate. The Borrower will keep or cause to be kept, and cause each Subsidiary to keep or cause to be kept, appropriate records and books of account in which complete entries are to be made reflecting its and their business and financial transactions, such entries to be made in accordance with Agreement Accounting Principles consistently applied. 1.16 1.17 Capital Stock and Dividends . If a Default or an Unmatured Default has occurred and is continuing or would occur after giving effect thereto, the Borrower will not, nor will it permit any Subsidiary to, (a) issue any preferred stock, other capital stock or any debt or equity securities of any kind, or (b) declare or pay any dividends on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, except that any Subsidiary may declare and pay dividends to the Borrower. 1.18 1.19 Indebtedness . The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except: 1.20
(a) the Loans;

(a) Indebtedness existing on the date hereof and described in Schedule 5.17 hereto; ----------

(a) the 1993 Senior Notes and the 1998 Senior Notes, provided that the 1998 Senior Notes shall be issued substantially on the terms set forth on Schedule 6.11 hereto and otherwise on terms and pursuant to documentation satisfactory to the Agent;

(a) Rate Hedging Obligations related to the Loans;

(a) Letters of Credit with an aggregate face amount not to exceed $8,000,000 at any one time outstanding or a credit facility providing for the issuance thereof;

(a) Rate Hedging Obligations related to foreign currency exchange transactions entered into in the ordinary course of business; and

(a) such additional Indebtedness incurred by the Borrower or any Subsidiary

which is either unsecured or secured by liens permitted under Section 6.17(f) as would not cause the Debt Ratio (determined, as to the EBITDA component thereof, as of the end of the previous quarter, but after giving effect to the incurrence of such Indebtedness), to exceed 2.5 to 1.0 as of the date of such incurrence.

1.1 Merger . The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into or sell all or substantially all of its assets to any other Person; provided, that the Borrower or any Subsidiary may enter into any merger or consolidation with or sell all or substantially all of its assets to, a corporation organized under the laws of any state of the United States (the "surviving corporation"), so long as (a) any entity with or into which the Borrower is being merged or consolidated or to which all or substantially all of the Borrower's assets are being sold assumes the obligations of the Borrower under the Loan Documents by written instrument reasonably acceptable in form and substance to the Required Lenders, (b) no Default or Unmatured Default has occurred and is continuing or would occur after giving effect thereto, including without limitation any Default or Unmatured Default under Section 7.14, (c) after giving effect thereto, the Borrower could incur an additional $1 of Indebtedness pursuant to Section 6.11(g), (d) the Borrower has provided the Lenders with pro forma financial statements giving effect thereto which evidence compliance with Section 6.28 hereof, (e) the entity with or into which the Borrower or such Subsidiary is being merged or consolidated or to which all or substantially all of the Borrower's or such Subsidiary's assets are being sold is in substantially the same or a similar type of business as the Borrower or such Subsidiary and (f) such transaction is not a hostile takeover. 1.2 1.3 Sale of Assets . The Borrower will not, nor will it permit any Subsidiary to, lease, sell, transfer or otherwise dispose of its Property, to any other Person except for (a) sales of inventory in the ordinary course of business, and (b) so long as no Default or Event of Default has occurred and is continuing, leases, sales, transfers or other dispositions that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than inventory sold in the ordinary course of business) as permitted by this Section 6.13, (i) in any fiscal year do not constitute more than 5% of the consolidated assets of the Borrower and its Subsidiaries, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the end of the quarter next preceding the date of determination, or (ii) for the period from the Closing Date through the date of determination do not constitute more than 25% of such assets. 1.4 1.5 Sale and Leaseback . The Borrower will not, nor will it permit any Subsidiary to, sell or transfer any of its Property in order to concurrently or subsequently lease as lessee such or similar Property. 1.6 1.7 Investments and Purchases . The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including, without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or create any Subsidiary or become or remain a partner in any partnership or joint venture, or make any Purchases of any Person, except: 1.8 (a) Short-term obligations of, or fully guaranteed by, the United States of America;

(a) Commercial paper rated A-l or better by Standard and Poor's Rating Services, a division of the McGraw Hill Companies, or P-l or better by Moody's Investors Service, Inc.;

(a) Demand deposit accounts maintained in the ordinary course of business;

(a) Negotiable certificates of deposit issued by and time deposits with domestic commercial banks having capital and surplus in excess of $250,000,000;

(a) Municipal bonds rated BBB or better by Standard and Poor's Rating Services, a division of the McGraw Hill Companies;

(a) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 6.15 hereto;

(a) Purchases by the Borrower or any Subsidiary, so long as (i) no Default or Unmatured Default has occurred and is continuing or would occur after giving effect thereto, (ii) after giving effect thereto, the Borrower could incur an additional $1 of Indebtedness pursuant to Section 6.11(g), ---------- (iii) the Borrower has provided the Lenders with pro forma financial statements giving effect thereto which evidence compliance with Section 6.28 hereof, (iv) the entity being acquired is ---------- in substantially the same or a similar type of business as the Borrower and (v) such transaction is not a hostile takeover; and

(a) So long as no Default or Unmatured Default has occurred and is continuing, other Investments (including without limitation the creation of and the making of Investments in newly-formed Subsidiaries) which do not exceed, in the aggregate at one time outstanding, fifteen percent (15%) of the aggregate Capitalization of the Borrower and its Subsidiaries; provided, that the -------- Borrower shall not be required to dispose of any Investment due to (i) a decrease in Capitalization following the date on which such Investment was made or (ii) the occurrence of a Default or an Unmatured Default.

1.1 Contingent Obligations . The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except by endorsement of instruments for deposit or collection in the ordinary course of business. 1.2 1.3 Liens . The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except: 1.4 (a) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid

without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with generally accepted principles of accounting shall have been set aside on its books;

(a) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books;

(a) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(a) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or the Subsidiaries;

(a) Liens existing on the date hereof and described in Schedule 6.17 hereto; and ----------

(a) Purchase money Liens in connection with the acquisition of assets intended to be used in the ordinary course of business; provided, that (i) such Liens attached only to the tangible -------- Property (including improvements to previously owned Property) so purchased or leased, (ii) the Indebtedness secured by any such Lien does not exceed eighty percent (80%) of the purchase price of the Property or improvements, as applicable, and (iii) the aggregate Indebtedness securing all such Liens at any one time outstanding does not exceed five percent (5%) of the aggregate Capitalization of the Borrower and its Subsidiaries.

1.1 Capital Expenditures . If a Default or an Unmatured Default has occurred and is continuing, the Borrower will not, nor will it permit any Subsidiary to, expend, or be committed to expend for Capital Expenditures (including, without limitation, for the acquisition of fixed assets) during any fiscal year in excess of the amount of Capital Expenditures estimated to be expended in such fiscal year by the Borrower in the projections delivered to the Lenders pursuant to Section 6.1(d).

1.1 Lease Rentals . The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist obligations for Rentals in excess of $5,000,000 during any one fiscal year on a non-cumulative basis in the aggregate for the Borrower and its Subsidiaries.

1.1 Year 2000 . The Borrower will take and will cause each of its Subsidiaries to take all such actions as are reasonably necessary to successfully implement the Year 2000 Program and to assure that Year 2000 Issues will not have a Material Adverse Effect. At the request of the Agent or any Lender, the Borrower will provide a description of the Year 2000 Program, together with any updates or progress reports with respect thereto. 1.2 1.3 Letters of Credit . The Borrower will not, nor will it permit any Subsidiary to, apply for or become liable upon any Letter of Credit except as permitted under Section 6.11(e).

1.1 Affiliates . The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction. 1.2 1.3 Amendments to Agreements . The Borrower will not, and will not permit any Subsidiary to, (a) amend, waive, modify or terminate the terms and conditions governing any preferred stock, (b) permit any amendment, waiver or modification of the Tax Sharing Agreement which is materially adverse to the interests of the Lenders or terminate the Tax Sharing Agreement or (c) if a Default or an Unmatured Default has occurred and is continuing, directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire any Senior Note or redeem or retire any preferred stock. 1.4 (a) Environmental Matters . If the Borrower or any Subsidiary receives notice of any of the following: (i) the issuance of a complaint, notice or citation alleging a violation of any Environmental Law or regulation by the Borrower or any Subsidiary; (ii) the issuance of an administrative or judicial complaint or order against the Borrower or any Subsidiary seeking or requiring that action be taken to respond to or clean up a "release" of "hazardous substances" (as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA")) into the environment; or (iii) a notice alleging that the Borrower or any Subsidiary may be liable or responsible for costs associated with a response to or cleanup of a "release" of "hazardous substances" (as those terms are defined in CERCLA), and if, based upon information reasonably available at the time of receipt, the Borrower or any Subsidiary expects that any such complaint, notice, citation or order is reasonably likely to result in the payment of fines, penalties, compliance costs, clean-up costs or other associated costs by the Borrower or any Subsidiary in excess of an aggregate of $100,000, then the Borrower shall provide the Agent with a copy of such notice within thirty days of receipt thereof by the Borrower or such Subsidiary. In addition, if at any time subsequent to any such notice, any information subsequently becomes available to the Borrower or any Subsidiary which leads the Borrower to expect that any such complaint, notice, or citation is reasonably likely to result in the payment of fines, penalties, compliance costs, clean-up costs or other associated costs by the Borrower or any Subsidiary in excess of an aggregate of $100,000, then the

Borrower shall provide the Agent with a copy of such notice and a summary of such information within ten days after receipt of such information by the Borrower or any Subsidiary. (b) (c) Within ten days of the Borrower or any Subsidiary having learned of the proposal, enactment or promulgation of any federal, state or local environmental law or regulation which could reasonably be expected to have a Material Adverse Effect, the Borrower shall provide the Agent with written notice thereof.

1.1 Agreements as to Prohibited Acts . Neither the Borrower nor any subsidiary shall agree or in any manner commit itself to take or fail to take any action which, if taken or not taken, as applicable, would constitute a breach of this Agreement. 1.2 1.3 Change in Corporate Structure; Fiscal Year . The Borrower shall not, nor shall it permit any Subsidiary to, (a) permit any amendment or modification to be made to its certificate or articles of incorporation or by-laws which is materially adverse to the interests of the Lenders (provided that the Borrower shall notify the Agent of any other amendment or modification thereto as soon as practicable thereafter) or (b) change its fiscal year to end on any date other than December 31 of each year. 1.4 1.5 Inconsistent Agreements . The Borrower shall not, nor shall it permit any Subsidiary to, enter into any indenture, agreement, instrument or other arrangement which (a) directly or indirectly prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, the incurrence of the Obligations, the granting of Liens pursuant to the Loan Documents, the amending of the Loan Documents or the ability of any Subsidiary to declare or pay dividends or otherwise advance funds to its parent or (b) contains any provision which would be violated or breached by the making of Advances or by the performance by the Borrower of any of its obligations under any Loan Document. 1.6 1.7 Financial Covenants. 1.8

6.28.1 Interest Expense Coverage Ratio . As of the end of each of its fiscal quarters, the Borrower will cause the Interest Expense Coverage Ratio for the then most-recently ended four fiscal quarters to be not less than 4.0 to 1.0.

6.28.2. Debt Ratio . As of the end of each of its fiscal quarters, the Borrower will cause the Debt Ratio to be not more than 2.5 to 1.0.

6.28.3. Minimum Net Worth. The Borrower will at all times maintain Net Worth of not less than (a) $70,000,000 through January 1, 2000, (b) $75,000,000 through December 30, 2000, (c) $80,000,000 through December 29, 2001, (d) $85,000,000 through December 28, 2002 and (e) $90,000,000 through January 3, 2004.

1 ARTICLE DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

1.1 Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders or the Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made.

1.1 Nonpayment of (a) principal of any Note when due, or (b) interest upon any Note or any commitment fee or other fee or obligations under any of the Loan Documents within five (5) days after the same becomes due. 1.2 1.3 The breach by the Borrower of any of the terms or provisions of Sections 6.2 or 6.10 through 6.28. 1.4 1.5 The breach by the Borrower (other than a breach which constitutes a Default under Section 7.1, 7.2 or 7.3) of any of the terms or provisions of this Agreement which is not remedied within five (5) days after written notice from the Agent or any Lender. 1.6 1.7 The default by the Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement or agreements under which any Indebtedness aggregating in excess of $2,000,000 was created or is governed, or the occurrence of any other event or the existence of any other condition, the effect of any of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries shall become unable, not pay, or admit in writing its inability to pay, its debts generally as they become due. 1.8 1.9 The Borrower or any of its Subsidiaries shall (a) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate action to authorize or effect any of the foregoing actions set forth in this Section 7.6, or (f) fail to contest in good faith any appointment or proceeding described in Section 7.7. 1.10 1.11 Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(d) shall be instituted against the Borrower or any of

its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) consecutive days. 1.12 1.13 Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of (each a "Condemnation"), all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such Condemnation occurs, constitutes a Substantial Portion. 1.14 1.15 The Borrower or any of its Subsidiaries shall fail within thirty days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of $500,000 (or multiple judgments or orders for the payment of an aggregate amount in excess of $2,000,000), which is not stayed on appeal or otherwise being appropriately contested in good faith. 1.16 1.17 Any Unfunded Liabilities in excess of $3,000,000 under any Single Employer Plan shall exist or any Reportable Event shall occur in connection with any Plan. 1.18 1.19 The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan. 1.20 1.21 The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated has been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by any amount. 1.22 1.23 The Borrower or any of its Subsidiaries shall be the subject of any proceeding or investigation pertaining to the discovery of any toxic or hazardous waste or substance on the leased or owned property of the Borrower or any of its Subsidiaries, the release by the Borrower or any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, or any violation of any federal, state or local environmental, health or safety law or regulation, which, in either case, could reasonably be expected to have a Material Adverse Effect. 1.24 1.25 Any Change in Control shall occur. 1.26

1 ARTICLE ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES
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1.1 Acceleration . If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent or any Lender. If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may terminate or suspend the obligations of the Lenders to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

Within ten (10) Business Days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, if the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

1.1 Amendments . Subject to the provisions of this Article VIII, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

1.2 (a) Extend the final maturity of any Loan or Note or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon;

(a) Reduce the percentage specified in the definition of Required Lenders;

(a) Reduce the amount or extend the payment date for the mandatory payments required under Section 2.2, or increase the amount of the Revolving Credit Commitment of any Lender hereunder, or permit the Borrower to assign its rights under this Agreement;

(a) Extend the Facility Termination Date;

(a) Amend this Section 8.2 or any of Sections 3.1, 3.2 and 3.4; or ----------
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(a) Consent to any assignment by the Borrower of the Obligations except to the extent expressly permitted by Section 6.12.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of the fee required under Section 12.3.2 without obtaining the consent of any other party to this Agreement.

1.1 Preservation of Rights . No delay or omission of the Lenders or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid in full.

1 ARTICLE GENERAL PROVISIONS

1.1 Survival of Representations . All representations and warranties of the Borrower contained in this Agreement or of the Borrower or any Subsidiary contained in any Loan Document shall survive delivery of the Notes and the making of the Loans herein contemplated.

1.1 Governmental Regulation . Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation. 1.2 1.3 Taxes . Any taxes (excluding taxes on the overall net income of any Lender) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the Loan Documents shall be paid by the Borrower, together with interest and penalties, if any. 1.4 1.5 Headings . Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents. 1.6 1.7 Entire Agreement . The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent and the Lenders relating to the subject matter thereof other than the fee letter dated July 15, 1993 in favor of First Chicago, the letter dated February 27, 1996 between the Borrower and First Chicago and the letter dated July 22, 1998 between the Borrower and First Chicago. 1.8 1.9 Several Obligations; Benefits of this Agreement . The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.7, 9.11 and 10.10 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement. 1.10 (a) Expenses; Indemnification . The Borrower shall reimburse the Agent and the Arranger for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger and the Lenders for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, the Arranger and the Lenders, which attorneys may be employees of the Agent, the Arranger or the Lenders) paid or incurred by the Agent, the Arranger or any Lender in connection with the collection and enforcement of the Loan Documents. The Borrower further agrees to indemnify the Agent, the Arranger and each Lender, its directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent or any Lender is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or thereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder. The obligations of the Borrower under this Section shall survive the termination of this Agreement. (b) (c) (b) The Borrower shall indemnify, pay and hold the Agent, the Arranger and each Lender harmless from and against any and all losses, costs (including, without limitation, court costs and attorneys' fees), liabilities, injuries, expenses, claims and damages whatsoever incurred or suffered by or asserted against the Agent, the Arranger or such Lender by reason of any violation of any applicable Environmental Law for which the Borrower or any of its Subsidiaries is liable or which is related to any real estate owned, leased or operated by the Borrower or any of its Subsidiaries, or by reason of the imposition of any governmental lien for the recovery of environmental cleanup or response costs expended by reason of any such violation, or by reason of any breach of any representation, warranty or affirmative or negative covenant of this Agreement, including, without limitation, by reason of any matter disclosed in Schedule 5.20 hereto; provided, that to the extent that the Borrower or any of its Subsidiaries is strictly liable under any such statute, order or regulation, the Borrower's obligation to the Agent, the Arranger and each Lender under this indemnity shall likewise be without regard to fault on the part of the Borrower or any of its Subsidiaries with respect to the violation of law which results in liability to the Agent, the Arranger or any Lender. The provisions of and undertakings and indemnification set out in this Section 9.7 shall survive the termination of this Agreement and the payment and satisfaction of the Obligations, and shall continue to be the liability, obligation and indemnification of the Borrower, binding upon the Borrower. 1.11 Numbers of Documents . All statements, notices,

closing documents and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders. 1.12 1.13 Accounting . Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. 1.14 1.15 Severability of Provisions . Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable. 1.16 1.17 Nonliability of Lenders . The relationship between the Borrower and the Lenders and the Agent shall be solely that of borrower and lender. Neither the Agent, the Arranger nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Agent, the Arranger nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower shall rely entirely upon its own judgment with respect to its business, and any review, inspection or supervision of, or information supplied to the Borrower by the Agent, the Arranger or the Lenders is for the protection of the Agent, the Arranger and the Lenders and neither the Borrower nor any other Person is entitled to rely thereon. The Borrower (a) agrees that neither the Agent, the Arranger nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined by a judgment of a court that is binding on the Agent, the Arranger or such Lender, final and not subject to review on appeal, that such losses were the result of acts or omissions on the part of the Agent, the Arranger or such Lender, as the case may be, constituting gross negligence, willful misconduct or knowing violations of law, and (b) waives, releases and agrees not to sue upon any claim against the Agent, the Arranger or any Lender (whether sounding in tort, contract or otherwise) except a claim based upon gross negligence, willful misconduct or knowing violations of law. Whether or not such damages are related to a claim that is subject to the waiver effected above and whether or not such waiver is effective, none of the Agent, the Arranger nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by the Borrower in connection with, arising out of, or in any way related to the transactions contemplated or the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined by a judgment of a court that is binding on the Agent, the Arranger or such Lender, as the case may be, final and not subject to review on appeal, that such damages were the result of acts or omissions on the part of the Agent, the Arranger or such Lender, as the case may be, constituting gross negligence, willful misconduct or knowing violations of law. 1.18 1.19 CHOICE OF LAW . THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS, WITHOUT REGARD TO CONFLICT OF LAWS PROVISIONS, OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. 1.20 1.21 CONSENT TO JURISDICTION . THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS; PROVIDED, THAT SUCH PROCEEDINGS MAY BE BROUGHT IN OTHER COURTS IF JURISDICTION MAY NOT BE OBTAINED IN A COURT IN CHICAGO, ILLINOIS. 1.22 1.23 WAIVER OF JURY TRIAL . THE BORROWER, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER. 1.24 1.25 Disclosure . The Borrower and each Lender hereby (a) acknowledge and agree that First Chicago and/or its Affiliates from time to time may hold other investments in, make other loans to or have other relationships with the Borrower, including, without limitation, in connection with (i) the placement of the 1993 Senior Notes and (ii) any interest rate hedging instruments or agreements or swap transactions, and (b) waive any liability of First Chicago or such Affiliate to the Borrower or any Lender, respectively, arising out of or resulting from such investments, loans or relationships other than liabilities arising out of the gross negligence or willful misconduct of First Chicago or its Affiliates. The Borrower hereby acknowledges and agrees that each Lender and/or its Affiliates from time to time may hold other investments in, make other loans to or have other relationships with the Borrower and waives any liability of such Lender or Affiliate to the Borrower in connection with the transactions contemplated by this Agreement and to the extent arising out of or resulting from such investments, loans, or relationships, other than liabilities arising out of the gross negligence or willful misconduct of such Lender or Affiliate. 1.26 Counterparts . This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Agent and the Lenders and each party has notified the Agent by telex or telephone, that it has taken such action. 1.27 1.28 9.17 Departing Lenders. Upon the effectiveness of this Agreement and the payment to the

Departing Lenders of the Obligations due them, (a) the Departing Lenders shall have no further Commitments hereunder and (b) the Departing Lenders shall cease to have any rights or duties as Lenders hereunder; provided however, that the Departing Lenders shall remain entitled to indemnities hereunder which by their terms survive termination of this Agreement. 1.29 1.30

1 ARTICLE THE AGENT

1.1 Appointment . The First National Bank of Chicago is hereby appointed by each of the Lenders as its contractual representative hereunder and under each other Loan Document, and each of the Lenders, subject to the provisions of Section 10.11, irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of Section 9-105 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents.

1.1 Powers . The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder, except any action specifically provided by the Loan Documents to be taken by the Agent. 1.2 1.3 General Immunity . Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except for its or their own gross negligence or willful misconduct. 1.4 1.5 No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder, (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered to the Agent and not waived at closing, or (d) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. 1.6 1.7 Action on Instructions of Lenders . The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders and on all holders of Notes. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action. 1.8 1.9 Employment of Agents and Counsel . The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning all matters pertaining to the agency hereby created and its duties hereunder and under any other Loan Document. 1.10 1.11 Reliance on Documents; Counsel . The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent. 1.12 1.13 Agent's Reimbursement and Indemnification . The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (a) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents (but not including any agent's fees), (b) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents, and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents; provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Agent. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement. 1.14 1.15 Rights as a Lender . In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender and may exercise the same as though it were not the Agent, the Agent shall have the same obligations and responsibilities as any Lender and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document,

with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent, in its individual capacity, is not obligated to remain a Lender. 1.16 1.17 Lender Credit Decision . Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents. 1.18 1.19 Successor Agent . The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, and the Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Agent's giving notice of resignation, then the retiring Agent may appoint, on behalf of the Borrower and the Lenders, a successor Agent. Such successor Agent shall be a commercial bank having capital and retained earnings of at least $150,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent, and the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring or removed Agent's resignation or removal hereunder as Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. 1.20 1.21 Notice of Default . The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders. Subject to the provisions of Section 10.5, the Agent shall take any action of the type specified in this Agreement with respect to such Default or Unmatured Default as shall be reasonably directed by the Required Lenders (or, if so required by Section 8.2, by all Lenders); provided, that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Unmatured Default as the Agent shall determine is in the best interests of the Lenders. 1.22 1.23 Delegation to Affiliates . The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be subject to the obligations relating to such duties and shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X. 1.24

1 ARTICLE SETOFF; RATABLE PAYMENTS

1.1 Setoff . In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default or Unmatured Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

1.1 Ratable Payments . If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Section 2.24(a), 3.1, 3.2 or 3.4) in a greater proportion than its pro-rata share of such Loans, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made. If an amount to be setoff is to be applied to Indebtedness of the Borrower to a Lender, other than Indebtedness evidenced by any of the Notes held by such Lender, such amount shall be applied ratably to such other Indebtedness and to the Indebtedness evidenced by such Notes. 1.2

1 ARTICLE BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

1.1 Successors and Assigns . The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (a) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents, and (b) any assignment by any Lender must be made in compliance with Section 12.3. Notwithstanding clause (b) of this Section, any Lender may at any time, without the consent of the Borrower or the Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; provided, however, that no such assignment to a Federal Reserve Bank shall release the transferor Lender from its obligations hereunder. The Agent may

treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 12.3 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

1.1 Participations .
1.2

12.2.1. Permitted Participants; Effect . Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents; provided, that, other than in the case of a sale of a participation by a Lender to an Affiliate thereof, such Lender has first offered to sell such participating interests to the other Lenders for a period of ten (10) days for an amount equal to the face value thereof plus all amounts owing in connection therewith. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights . Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver which effects any of the modifications referenced in clauses (a) through (e) of Section 8.2.

12.2.3. Benefit of Setoff . The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents; provided, that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender.

1.1 Assignments .
1.2

12.3.1. Permitted Assignments . Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents; provided, that, other than in the case of an assignment by a Lender to an Affiliate thereof, such Lender has first offered to sell such assignment to the other Lenders for a period of ten (10) days for an amount equal to the face value thereof plus all amounts owing in connection therewith. Such assignment shall be substantially in the form of Exhibit D hereto or in such other form as may be agreed to by the parties thereto. The consent of the Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consent shall not be unreasonably withheld or delayed.

12.3.2. Effect; Effective Date . Upon (a) delivery to the Agent of a notice of assignment, substantially in the form attached as Exhibit I to Exhibit D hereto (a "Notice of Assignment"), together with any consents required by Section 12.3.1, and (b) payment of a $3,500 fee to the Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. On and after the effective date of such assignment, (a) such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and (b) the transferor Lender shall be released with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Agent. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Agent and the Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Commitment, as adjusted pursuant to such assignment.

1.1 Dissemination of Information . The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries. 1.2 1.3 Tax Treatment . If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such

Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 2.24. 1.4

1 ARTICLE NOTICES

1.1 Giving Notice . Except as otherwise permitted by Section 2.8 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing, by facsimile, first class U.S. mail or overnight courier and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with first class postage prepaid, return receipt requested, shall be deemed given three (3) Business Days after deposit in the U.S. mail; any notice, if transmitted by facsimile, shall be deemed given when transmitted; and any notice given by overnight courier shall be deemed given when received by the addressee. Wherever under this Agreement or under any other Loan Document any certificate or other writing is given by any director, officer or employee of the Borrower or any Subsidiary, such certificate or other writing shall be delivered by such director, officer or employee on behalf of the Borrower or such Subsidiary in his or her capacity as a director, officer or employee and not in his or her individual capacity.

1.1 Change of Address . The Borrower, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.
1.2
1.3

[signature pages to follow]

IN WITNESS WHEREOF, the Borrower, the Lenders and the Agent have executed this Agreement as of the date first above written.

LITTELFUSE, INC.

By:

Print Name:

Title:

Address: 800 Northwest Highway
Des Plaines, Illinois 60016
Attn: Chief Financial Officer

Telecopy: (847) 824-3024
Telephone: (847) 824-1188

Commitments

$17,500,000

THE FIRST NATIONAL BANK OF CHICAGO,
Individually and as Agent

By:
Print Name:

Title:
Address: One First National Plaza
Chicago, Illinois 60670
Attn: Karen F. Kizer

Telecopy: (312) 732-5161
Telephone: (312) 732-2330

$12,500,000

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:

Print Name:

Title:

Address: 231 South LaSalle Street
6th Floor
Chicago, Illinois 60697
Attn: Jim Duff
Telecopy: (312) 974-2108
Telephone: (312) 828-5964

$12,500,000

CREDIT AGRICOLE INDOSUEZ

By:

Print Name:

Title:

By:

Print Name:

Title:

Address: 55 East Monroe
Suite 4700
Chicago, Illinois 60603
Attn: Susan Knight
Telecopy: (312) 372-2830
Telephone: (312) 917-7446

$12,500,000

THE NORTHERN TRUST COMPANY

By:

Print Name:

Title:

Address: 50 South LaSalle
Floor B-2
Chicago, Illinois 60675
Attn: Robin Brody
Telecopy: (312) 444-7028
Telephone: (312) 444-3438

$55,000,000 Aggregate Commitment

PRICING SCHEDULE

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS
Eurocurrency Rate	.375%	.50%	.625%
Floating Rate	0%	0%	0%

	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS
Applicable Commitment Fee Rate	.125%	.150%	.20%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Financials" means the annual or quarterly financial statements of the Borrower delivered pursuant to Section 6.1(a) or (b).

"Level I Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Debt Ratio is less than 1.50 to 1.00.

"Level II Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Debt Ratio is greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00.

"Level III Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Debt Ratio is greater than or equal to 2.00 to 1.00.

"Status" means either Level I Status, Level II Status or Level III Status.

The Applicable Margin and Applicable Commitment Fee Rate shall be determined in accordance with the foregoing table based on the Borrower's Status as reflected in the then most recent Financials. Adjustments, if any, to the Applicable Margin or Applicable Fee Rate shall be effective five (5) Business Days after the Agent has received the applicable Financials. If the Borrower fails to deliver the Financials to the Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Commitment Fee Rate shall be the highest Applicable Margin and Applicable Commitment Fee Rate set forth in the foregoing table until five (5) days after such Financials are so delivered. Until adjusted as provided above after the date hereof, Level I Status shall be deemed to exist.

Exhibit 4.11

LITTELFUSE, INC.

NOTE PURCHASE AGREEMENT

DATED AS OF SEPTEMBER 1, 1998

$60,000,000
6.16% SENIOR NOTES DUE SEPTEMBER 1, 2005

TABLE OF CONTENTS
(Not a Part of the Agreement)

Littelfuse, Inc.

NOTE PURCHASE AGREEMENT

$60,000,000
6.16% SENIOR NOTES DUE SEPTEMBER 1, 2005

Dated as of September 1, 1998

TO EACH OF THE PURCHASERS
LISTED IN THE ATTACHED ANNEX 1

Ladies and Gentlemen:

LITTELFUSE, INC., a Delaware corporation (together with its successors and assigns, the "Company"), hereby agrees with you as follows:

1. PURCHASE AND SALE OF NOTES

1.1.....Authorization of Notes.

The Company will authorize the issuance and sale of Sixty Million Dollars ($60,000,000) in the aggregate principal amount of its six and sixteen one-hundredths percent (6.16%) Senior Notes due September 1, 2005 (the "Notes," such term to include each Note delivered from time to time in accordance with the Note Purchase Agreement). The Notes shall be substantially in the form of Exhibit A and shall have the terms as herein and therein provided.

1.2.....The Closing.

(a) Purchase and Sale of Notes. The Company hereby agrees to sell to you and you hereby agree to purchase from the Company, in accordance with the provisions hereof, the aggregate principal amount of Notes set forth next to your name on Annex 1 at one hundred percent (100%) of the principal amount thereof. Your obligation hereunder and the obligations of the other Purchasers are several and not joint obligations and you shall have no obligation hereunder and no liability to any person for the performance or non-performance by any other Purchaser hereunder.

(b) The Closing. The closing (the "Closing") of the Company's sale of Notes will be held on September 1, 1998 (the "Closing Date") at 10:00 a.m., local time, at the office of Gardner, Carton & Douglas, 3400 Quaker Tower, 321 North Clark Street, Chicago, Illinois 60610. At the Closing, the Company will deliver to you one or more Notes (as indicated next to your name on Annex 1), in the denominations indicated on Annex 1, in the aggregate principal amount of your purchase, dated the Closing Date and payable to you or payable as indicated on Annex 1, against payment by federal funds wire transfer in immediately available funds of the purchase price thereof, as directed by the Company on Annex 2.

1.3.....Purchase for Investment; ERISA.

(a) Purchase for Investment. You represent to the Company that you are purchasing the Notes listed on Annex 1 next to your name for your own account for investment and with no present intention of distributing the Notes or any part thereof, but without prejudice to your right at all times to:

(i) sell or otherwise dispose of all or any part of the Notes under a registration statement filed under the Securities Act, or in a transaction exempt from the registration requirements of the Securities Act; and

(ii) have control over the disposition of all of your assets to the fullest extent required by any applicable insurance law.

It is understood that, in making the representations set out in Section 2.14(a) and Section 2.15, the Company is relying, to the extent applicable, upon your representation in the immediately preceding sentence.

1.4.....Source of Funds.

.....You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) if you are an insurance company, the Source does not

include assets allocated to any separate account maintained by you in which any employee benefit plan (or its related trust) has any interest, other than a separate account that is maintained solely in connection with your fixed contractual obligations under which the amounts payable, or credited, to such plan and to any participant or beneficiary of such plan (including any annuitant) are not affected in any manner by the investment performance of the separate account; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of Prohibited Transaction Exemption ("PTE") 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA; or

(g) if you are an insurance company and the Source includes assets of your general account, the acquisition of the Notes by the Purchasers is exempt under PTE 95-60 (issued July 12, 1995); or

(h) if you are an insurance company, the source of funds from which your investment is to be made is a general account of an insurance company, and the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any Benefit Plan (as defined by the annual statement for life insurance companies approved by the National Association of Insurance approved by the National Association of Insurance Commissioners (the "NAIC Annual Statement")) together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other Benefit Plans maintained by the same employer (or affiliate thereof as defined in Department of Labor Prohibited Transaction Exemption ("PTE") 95-60) or by the same employee organization (as defined by the NAIC Annual Statement) in he general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with the state of domicile of the insurance company (for purposes of the percentage limitation in this clause (h), the amount of reserves and liabilities for the general account contract(s) held by or on behalf of a plan shall be determined before reduction for credits on account of any reinsurance ceded on a coinsurance basis).

As used in this Section 1.4, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

1.5. Failure to Tender, Failure of Conditions.

If at the Closing the Company fails to tender to you the Notes to be purchased by you thereat, or if the conditions specified in Section 3 to be fulfilled at the Closing have not been fulfilled, you may thereupon elect to be relieved of all further obligations hereunder. Nothing in this Section 1.4 shall operate to relieve the Company from any of its obligations hereunder or to waive any of your rights against the Company.

1.6. Expenses.

(a) Generally. Whether or not the Notes are sold, the Company will promptly (and in any event within thirty (30) days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating hereto, including, but not limited to:

(i) the cost of reproducing this Agreement, the Notes and the other documents delivered in connection with the Closing;

(ii) the fees and disbursements of your special counsel incurred in connection herewith;

(iii) the cost of delivering to your home office or custodian bank, insured to your satisfaction, the Notes purchased by you at the Closing; and

(iv) the fees, expenses and costs incurred in complying with each of the conditions to closing set forth in Section 3.

(b) Counsel. Without limiting the generality of the foregoing, it is agreed and understood that the Company will pay, at the Closing, the statement for fees and disbursements of your special counsel presented at the Closing and the Company will also pay upon receipt of any statement therefor each additional statement for fees and disbursements of your special counsel rendered after the Closing in connection with the issuance of the Notes or the matters referred to in Section 1.5(a).

(c) Survival. The obligations of the Company under this Section 1.5, Section 5.4, Section 8.2(e) and Section 10.5(d) shall survive the payment of the Notes and the termination hereof.

2. WARRANTIES AND REPRESENTATIONS

To induce you to enter into this Agreement and to purchase the Notes listed on Annex 1 next to your name, the Company warrants and represents, as of the Closing Date, as follows:

2.1. Nature of Business.

The Confidential Offering Memorandum, prepared by the Placement Agent (together with all exhibits and annexes thereto, the "Offering Memorandum") (a copy of which previously has been delivered to you), correctly describes the general nature of the business and principal Properties of the Company and the Subsidiaries as of the Closing Date.

2.2. Financial Statements; Debt; Material Adverse Change.

(a) Financial Statements. The Company has provided you with its financial statements described in Part 2.2(a) of Annex 3. Such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of such dates (reflecting "fresh-start reporting" at December 27, 1991) and the results of their operations and cash flows for such periods.

(b) Debt. Part 2.2(b) of Annex 3 lists all Debt of the Company and the Subsidiaries as of the Closing Date, and provides the following information with respect to each item of such Debt:

(i) the type thereof,

(ii) the holder thereof,

(iii) the outstanding amount,

(iv) the current portion, if any, and (v) the collateral securing such Debt, if any.

(c) Material Adverse Change. Since December 31, 1997, there has been no change in the business, prospects, profits, Properties or condition (financial or otherwise) of the Company or any of the Subsidiaries except changes in the ordinary course of business that, in the aggregate for all such changes, could not reasonably be expected to have a Material Adverse Effect.

2.3. Subsidiaries and Affiliates.

Part 2.3 of Annex 3 sets forth:

(a) the name of each of the Subsidiaries, its jurisdiction of incorporation and the percentage of its Voting Stock owned by the Company and each other Subsidiary, and

(b) to the extent that such information is not disclosed in the Offering Memorandum, a description of the Affiliates (other than individuals) and the nature of their affiliation.

Each of the Company and the Subsidiaries has good and marketable title to all of the shares it purports to own of the stock of each Subsidiary, free and clear in each case of any Lien. All such shares have been duly issued and are fully paid and nonassessable.

2.4. Title to Properties; Patents, Trademarks, etc.

(a) Each of the Company and the Subsidiaries has good and marketable title to all of the real Property, and good title to all of the other Property, reflected in the most recent statement of financial condition referred to in Part 2.2(a) of Annex 3 (except as sold or otherwise disposed of in the ordinary course of business), except for such failures to have such good and marketable title as are immaterial to such financial statements and that, in the aggregate for all such

failures, could not reasonably be expected to have a Material Adverse Effect. All such Property is free from Liens not permitted by Section 6.7.

(b) Each of the Company and the Subsidiaries owns, possesses or has the right to use all of the patents, trademarks, service marks, trade names, copyrights and licenses, and rights with respect thereto, necessary for the present and currently planned future conduct of its business, without any known conflict with the rights of others, except for such failures to own, possess, or have the right to use, that, in the aggregate for all such failures, could not reasonably be expected to have a Material Adverse Effect.

2.5. Taxes.

(a) Returns Filed; Taxes Paid.

(i) All tax returns required to be filed by each of the Company and each Subsidiary and any other Person with which the Company or any Subsidiary files or has filed a consolidated return in any jurisdiction have been filed on a timely basis, and all taxes, assessments, fees and other governmental charges upon each of the Company, such Subsidiary and any such Person, and upon any of their respective Properties, income or franchises, that are due and payable have been paid, except for such tax returns and such tax payments that could not, in the aggregate for all such tax returns and payments, reasonably be expected to have a Material Adverse Effect.

(ii) All liabilities of each of the Company, the Subsidiaries and the other Persons referred to in the preceding clause (i) with respect to federal income taxes have been finally determined except for the fiscal years 1994 through 1997, the only years not closed by the completion of an audit or the expiration of the statute of limitations.

(b) Book Provisions Adequate.

(i) The amount of the liability for taxes reflected in each of the statements of financial condition referred to in Part 2.2(a) of Annex 3 is in each case an adequate provision for taxes as of the dates of such statements of financial condition (including, without limitation, any payment due pursuant to any tax sharing agreement) as are or may become payable by any one or more of the Company and the other Persons consolidated with the Company in such financial statements in respect of all tax periods ending on or prior to such dates.

(ii) The Company does not know of any proposed additional tax assessment against it or any such Person that is not reflected in full in the most recent statement of financial condition referred to in Part 2.2(a) of Annex 3.

2.6. Pending Litigation.

(a) There are no proceedings, actions or investigations pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal that, in the aggregate for all such proceedings, actions and investigations, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default with respect to any judgment, order, writ, injunction or decree of any court, Governmental Authority, arbitration board or tribunal that, in the aggregate for all such defaults, could reasonably be expected to have a Material Adverse Effect.

2.7. Full Disclosure.

The financial statements referred to in Part 2.2(a) of Annex 3 do not, nor does this Agreement, the Offering Memorandum or any written statement furnished by or on behalf of the Company to you in connection with the negotiation or the closing of the sale of the Notes, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein and herein not misleading. There is no fact that the Company has not disclosed to you in writing that has had or, so far as the Company can now reasonably foresee, could reasonably be expected to have a Material Adverse Effect.

2.8. Corporate Organization and Authority.

Each of the Company and the Subsidiaries:

(a) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation;

(b) has all legal and corporate power and authority to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted;

(c) has all licenses, certificates, permits, franchises and other governmental authorizations necessary to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted, except where the failure to have such licenses, certificates, permits, franchises and other governmental authorizations, in the aggregate for all such failures, could not reasonably be expected to have a Material Adverse Effect; and

(d) has duly qualified or has been duly licensed, and is authorized to do business and is in good standing, as a foreign corporation, in each state (each of which states is listed in Part 2.8(d) of Annex 3) where the failure to be so qualified or licensed and authorized and in good standing, in the aggregate for all such failures, could reasonably be expected to have a Material Adverse Effect.

2.9. Charter Instruments, Other Agreements.

Neither the Company nor any Subsidiary is in violation in any respect of any term of any charter instrument or bylaw. Neither the Company nor any Subsidiary is in violation in any respect of any term in any agreement or other instrument to which it is a party or by which it or any of its Properties may be bound except for such failures that, in the aggregate for all such failures, could not reasonably be expected to have a Material Adverse Effect.

2.10. Restrictions on Company and Subsidiaries.

Neither the Company nor any Subsidiary:

(a) is a party to any contract or agreement, or subject to any charter or other corporate restriction that, in the aggregate for all such contracts, agreements, charters and corporate restrictions, could reasonably be expected to have a Material Adverse Effect;

(b) is a party to any contract or agreement that restricts the right or ability of such corporation to incur Debt, other than this Agreement and the agreements listed in Part 2.10(b) of Annex 3, none of which restricts the issuance and sale of the Notes or the performance of the Company hereunder or under the Notes, and true, correct and complete copies of each of which have been provided to you; or

(c) has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its Property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 6.7.

2.11. Compliance with Law.

Neither the Company nor any Subsidiary is in violation of any law, ordinance, governmental rule or regulation to which it is subject, which violations, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

2.12. ERISA, etc.

(a) Prohibited Transactions. Neither the execution of this Agreement nor the purchase of the Notes by you will constitute a "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC). The representation by the Company in the preceding sentence is made in reliance upon and subject to the accuracy of the representations in Section 1.4 hereof as to the source of funds used by you.

(b) Pension Plans.

(i) Compliance with ERISA. The Company and the ERISA Affiliates are in compliance with ERISA, except for such failures to comply that, in the aggregate for all such failures, could not reasonably be expected to have a Material Adverse Effect.

(ii) Funding Status. No "accumulated funding deficiency" (as defined in section 302 of ERISA and section 412 of the IRC), whether or not waived, exists with respect to any Pension Plan.

(iii) PBGC. No liability to the PBGC has been or is expected to be incurred by the Company or any ERISA Affiliate with respect to any Pension Plan that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No circumstance exists that constitutes grounds under section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, any Pension Plan or trust created thereunder, nor has the PBGC instituted any such proceeding.

(iv) Multiemployer Plans. Neither the Company nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan. There have been no "reportable events" (as defined in section 4043 of ERISA) with respect to any Multiemployer Plan that could result in the termination of such Multiemployer Plan and give rise to a liability of the

Company or any ERISA Affiliate in respect thereof.

(c) Foreign Pension Plans. All Foreign Pension Plans have been established, operated, administered and maintained in compliance in all material respects with all laws, regulations and orders applicable thereto. Except where it would not have, either individually or in the aggregate, a Material Adverse Effect, all premiums, contributions and any other amounts required by applicable Foreign Pension Plan documents or applicable laws, regulations and orders have been paid or accrued as required.

(d) Information in Annex. Part 2.12(d) of Annex 3 identifies each:

(i) ERISA Affiliate;

(ii) Pension Plan;

(iii) Multiemployer Plan; and

(iv) Foreign Pension Plan.

2.13. Environmental Compliance.

(a) Compliance. Each of the Company and the Subsidiaries is in compliance with all Environmental Protection Laws in effect in each jurisdiction where it is presently doing business and in which the failure so to comply, in the aggregate for all such failures, could reasonably be expected to have a Material Adverse Effect.

(b) Liability. Neither the Company nor any Subsidiary is subject to any liability under any Environmental Protection Laws that, in the aggregate for all such liabilities, could reasonably be expected to have a Material Adverse Effect.

(c) Notices. Neither the Company nor any Subsidiary has received any:

(i) notice from any Governmental Authority by which any of its present or previously-owned or leased Properties has been identified in any manner by any Governmental Authority as a hazardous substance disposal or removal site, "Super Fund" clean-up site or candidate for removal or closure pursuant to any Environmental Protection Law;

(ii) notice of any Lien arising under or in connection with any Environmental Protection Law that has attached to any revenues of, or to, any of its owned or leased Properties; or

(iii) any communication, written or oral, from any Governmental Authority concerning action or omission by the Company or such Subsidiary in connection with its ownership or leasing of any Property resulting in the release of any hazardous substance resulting in any violation of any Environmental Protection Law;

where the effect of which, in the aggregate for all such notices and communications, could reasonably be expected to have a Material Adverse Effect.

2.14. Sale of Notes is Legal and Authorized; Obligations are Enforceable.

(a) Sale of Notes is Legal and Authorized. Each of the issuance, sale and delivery of the Notes by the Company, the execution and delivery hereof by the Company and compliance by the Company with all of the provisions hereof and of the Notes;

(i) is within the corporate powers of the Company; and

(ii) is legal and does not conflict with, result in any breach of any of the provisions of, constitute a default under, or result in the creation of any Lien upon any Property of the Company or any Subsidiary under the provisions of, any agreement, charter instrument, bylaw or other instrument to which it is a party or by which it or any of its Properties may be bound.

(b) Obligations are Enforceable. Each of this Agreement and the Notes has been duly authorized by all necessary action on the part of the Company, has been executed and delivered by duly authorized officers of the Company and constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except that the enforceability hereof and of the Notes may be:

(i) limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium or other similar laws affecting the enforceability of creditors' rights generally; and

(ii) subject to the availability of equitable remedies.

2.15. Governmental Consent to Sale of Notes.

Neither the nature of the Company or any Subsidiary, or of any of their respective businesses or Properties, nor any relationship between the Company or any Subsidiary and any other Person, nor any circumstance in connection with the offer, issuance, sale or delivery of the Notes and the execution and delivery of this Agreement, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority on the part of the Company as a condition to the execution and delivery of this Agreement or the offer, issuance, sale or delivery of the Notes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

2.16. Private Offering of Notes.

Neither the Company nor the Placement Agent (the only Person authorized or employed by the Company as agent, broker, dealer or otherwise in connection with the offering or sale of the Notes or any similar Security of the Company, other than employees of the Company) has offered any of the Notes or any similar Security of the Company for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than the Purchasers and not more than thirty nine (39) other institutional investors, each of whom was offered all or a portion of the Notes at private sale for investment.

2.17. No Defaults; Transactions Prior to Closing Date.

(a) No event has occurred and no condition exists that, upon the execution and delivery of this Agreement and the issuance of the Notes, would constitute a Default or an Event of Default. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) The Company has not entered into any transaction since the date of the most recent statement of financial condition referred to in Part 2.2(a) of Annex 3 that would have been prohibited by Section 6.1 through Section 6.9, inclusive, had such Sections applied since such date.

2.18. Use of Proceeds of Notes.

(a) Use of Proceeds. The Company will apply the proceeds from the sale of the Notes in the manner specified in Part 2.18(a) of Annex 3.

(b) Margin Securities. None of the transactions contemplated herein and in the Notes (including, without limitation, the use of the proceeds from the sale of the Notes) violates, will violate or will result in a violation of section 7 of the Exchange Act or any regulations issued pursuant thereto, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The obligations of the Company under this Agreement and the Notes are not and will not be directly or indirectly secured by any Margin Security, and no Notes are being sold on the basis of any such collateral.

(c) Absence of Foreign or Enemy Status. Neither the Company nor any Subsidiary is an "enemy" or an "ally of the enemy" within the meaning of section 2 of the Trading with the Enemy Act (50 U.S.C. App. ss.ss. 1 et seq.), as amended. Neither the Company nor any Subsidiary is in violation of, and neither the issuance and sale of the Notes by the Company nor its use of the proceeds thereof as contemplated by this Agreement will violate, the Trading with the Enemy Act, as amended, or any executive orders, proclamations or regulations issued pursuant thereto, including, without limitation, regulations administered by the Office of Foreign Asset Control of the Department of the Treasury (31 C.F.R., Subtitle B, Chapter V).

3. CLOSING CONDITIONS

Your obligation to purchase and pay for the Notes to be delivered to you at the Closing is subject to the following conditions precedent:

3.1. Opinions of Counsel.

You shall have received from

(a) Chapman and Cutler, counsel for the Company, and

(b) Gardner, Carton & Douglas, your special counsel,

closing opinions, each dated as of the Closing Date, substantially in the respective forms set forth in Exhibit B1 and Exhibit B2 and as to such other matters as you may reasonably request. This Section 3.1 shall constitute direction by the Company to such counsel named in the foregoing clause (a) to deliver such closing opinion to you.

3.2. Warranties and Representations True.

The warranties and representations contained in Section 2 shall be true on the Closing Date with the same effect as though made on and as of that date.

3.3. Officers' Certificates.

You shall have received:

(a) a certificate dated the Closing Date and signed by two Senior Officers, substantially in the form of Exhibit C; and

(b) a certificate dated the Closing Date and signed by the Secretary or an Assistant Secretary of the Company, substantially in the form of Exhibit D.

3.4. Legality.

The Notes shall on the Closing Date qualify as a legal investment for you under applicable insurance law (without regard to any "basket" or "leeway" provisions), and such acquisition shall not subject you to any penalty or other onerous condition in or pursuant to any such law or regulation, and you shall have received such evidence as you may reasonably request to establish compliance with this condition.

3.5. Private Placement Number.

The Company shall have obtained or caused to be obtained a private placement number for the Notes from the CUSIP Service Bureau of Standard & Poor's Corporation and you shall have been informed of such private placement number.

3.6. Expenses.

All fees and disbursements required to be paid pursuant to Section 1.6(b) shall have been paid in full.

3.7. Other Purchasers.

None of the other Purchasers shall have failed to execute and deliver this Agreement or to accept delivery of or make payment for the Notes to be purchased by it on the Closing Date.

3.8. Compliance with this Agreement.

Each of the Company and the Subsidiaries shall have performed and complied with all agreements and conditions contained herein that are required to be performed or complied with by the Company and the Subsidiaries on or prior to the Closing Date, and such performance and compliance shall remain in effect on the Closing Date.

3.9. Proceedings Satisfactory.

All proceedings taken in connection with the issuance and sale of the Notes and all documents and papers relating thereto shall be satisfactory to you and your special counsel. You and your special counsel shall have received copies of such documents and papers as you or they may reasonably request in connection therewith or in connection with your special counsel's closing opinion, all in form and substance satisfactory to you and your special counsel.

4. PAYMENTS

4.1. Mandatory Principal Amortization Payments.

The Company shall pay, and there shall become due and payable, the following principal amounts of the Notes on September 1 in each year beginning on September 1, 1999 and ending on September 1, 2005, inclusive (each, a "Mandatory Principal Amortization Payment"):

September 1, 1999	$5,000,000
September 1, 2000	$5,000,000
September 1, 2001	$10,000,000
September 1, 2002	$10,000,000
September 1, 2003	$10,000,000
September 1, 2004	$10,000,000
September 1, 2005	$10,000,000 (final maturity)

Each Mandatory Principal Amortization Payment shall be at one hundred percent (100%) of the principal amount payable, together with interest accrued thereon to the date of payment. Without limitation of the foregoing, all of the principal of the Notes remaining outstanding on September 1, 2005 (if any), together with interest accrued thereon, shall become due and payable on September 1, 2005.

4.2. Optional Prepayments.

(a) Optional Prepayments. The Company may at any time after the Closing Date prepay the principal amount of the Notes in part, in integral multiples of One Million Dollars ($1,000,000), or in whole, in each case together with: (i) an amount equal to the Make-Whole Amount at such time in respect of the principal amount

of the Notes being so prepaid; and

(ii) interest on such principal amount then being prepaid accrued to the prepayment date.

(b) Notice of Optional Prepayment. The Company will give notice of any optional prepayment of the Notes to each holder of Notes not less than thirty (30) days or more than sixty (60) days before the date fixed for prepayment, specifying:

(i) such date;

(ii) the Section hereof under which the prepayment is to be made;

(iii) the principal amount of each Note to be prepaid on such date;

(iv) the interest to be paid on each such Note, accrued to the date fixed for prepayment; and

(v) a reasonably detailed calculation of an estimated Make-Whole Amount, if any (calculated as if the date of such notice was the date of prepayment), due in connection with such prepayment.

Notice of prepayment having been so given, the aggregate principal amount of the Notes to be prepaid specified in such notice, together with the Make-Whole Amount as of the specified prepayment date with respect thereto, if any, and accrued interest thereon shall become due and payable on the specified prepayment date. Two (2) Business Days prior to the making of such prepayment, the Company shall deliver to each holder of Notes by facsimile transmission a certificate of a Senior Financial Officer specifying the details of the calculation of such Make-Whole Amount as of the specified prepayment date, together with a copy of the Applicable H.15 used in determining the Make-Whole Discount Rate (as both such terms are defined in the definition of Make-Whole Amount) in respect of such prepayment.

(c) Effect of Prepayment. Each prepayment of Notes pursuant to this Section 4.2 shall be applied to the Mandatory Principal Amortization Payments in inverse order of maturity.

4.3. Partial Prepayment Pro Rata. If at the time any required prepayment or optional prepayment under Section 4.1 or Section 4.2 is due there is more than one Note outstanding, the aggregate principal amount of each required or optional partial prepayment of the Notes shall be allocated among the holders of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts of the Notes then outstanding, with adjustments, to the extent practicable, to equalize for any prior prepayments not in such proportion.

4.4. Notation of Notes on Prepayment.

Upon any partial prepayment of a Note, such Note may, at the option of the holder thereof be:

(a) surrendered to the Company pursuant to Section 5.2 in exchange for a new Note in principal amount equal to the principal amount remaining unpaid on the surrendered Note;

(b) made available to the Company for notation thereon of the portion of the principal so prepaid; or

(c) marked by such holder with a notation thereon of the portion of the principal so prepaid.

In case the entire principal amount of any Note is paid, such Note shall be surrendered to the Company for cancellation and shall not be reissued, and no Note shall be issued in lieu of the paid principal amount of any Note.

4.5. No Other Optional Prepayments.

Except as provided in Section 4.2 or in accordance with an offer made in compliance with Section 6.15, the Company may not make any optional prepayment (whether directly or indirectly by purchase or other acquisition) in respect of the Notes.

5. registration; exchange; substitution of notes

5.1. Registration of Notes.

The Company will cause to be kept at its office maintained pursuant to Section 6.13 a register for the registration and transfer of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. The Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof.

5.2. Exchange of Notes.

(a) Upon surrender of any Note at the office of the Company maintained pursuant to Section 6.13 duly endorsed or accompanied by a

written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing, the Company will execute and, within five (5) Business Days after such surrender, deliver, at the Company's expense (except as provided below), new Notes in exchange therefor, in denominations of at least the Applicable Minimum Denomination, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall, subject to Section 5.2(d), be payable to such Person as such holder may request and shall be substantially in the form of Exhibit A. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes.

(b) The Company will pay the cost of delivering to or from such holder's home office or custodian bank from or to the Company, insured to the reasonable satisfaction of such holder, the surrendered Note and any Note issued in substitution or replacement for the surrendered Note.

(c) Each holder of Notes agrees that, in the event it shall sell or transfer any Note without surrendering such Note to the Company as set forth in Section 5.2(a), it shall:

(i) prior to the delivery of such Note, make a notation thereon of all principal, if any, paid on such Note and shall also indicate thereon the date to which interest shall have been paid on such Note; and

(ii) promptly notify (or cause the transferee of any such Note to notify) the Company of the name and address of the transferee of any such Note so transferred and the effective date of such transfer.

(d) Notwithstanding anything else in this Section 5.2 or elsewhere in this Agreement to the contrary, each holder of Notes agrees that such holder will not at any time (except with the written consent of the Company) sell or transfer any Note to any other Person (other than to a Investor Affiliate of such holder) unless the outstanding principal amount of such Note at such time, aggregated with the outstanding principal amount of each other Note sold or transferred at such time to such other Person (or group of other Persons that are Investor Affiliates of one another) and the aggregate principal amount of Notes (if any) already held by such other Person (or group of other Persons that are Investor Affiliates of one another), equals or exceeds the Applicable Minimum Denomination at such time.

5.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership (or of ownership by such Institutional Investor's nominee) and such loss, theft, destruction or mutilation), and

(a) In the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company (provided that if the holder of such Note is an Institutional Investor or a nominee of such Institutional Investor, such Institutional Investor's own unsecured agreement of indemnity shall be deemed to be satisfactory for such purpose), or

(b) In the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense will execute and, within five (5) Business Days after such receipt, deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

5.4. Issuance Taxes.

The Company will pay all taxes (if any) due in connection with and as the result of the initial issuance and sales of the Notes and in connection with any modification of this Agreement or the Notes and shall save each holder of Notes harmless without limitation as to time against any and all liabilities with respect to all such taxes, provided that this Section 5.4 shall not be construed to require the Company to pay, or to save any holder of Notes harmless against any liabilities with respect to, any income tax imposed on any holder of Notes. The obligations of the Company under this Section 5.4 shall survive the payment or prepayment of the Notes and the termination hereof.

6. COVENANTS

The Company covenants that on and after the Closing Date and so long as any of the Notes shall be outstanding:

6.1. Net Worth.

The Company will not at any time permit Consolidated Net Worth to be less than Fifty-Five Million Dollars ($55,000,000).

6.2. Fixed Charges Coverage.

The Company will not at any time permit the ratio of:

(a) the result of

(i) Consolidated Operating Cash Flow for the period of four (4) consecutive fiscal quarters of the Company then most recently ended, minus

(ii) the aggregate amount of Capital Expenditures incurred by the Company and the Subsidiaries during such period;

to

(b) Consolidated Fixed Charges for such period;

to be less than 1.5 to 1.0

6.3. Restricted Payments.

The Company will not, and will not permit any Subsidiary to, declare or make, or become obligated to declare or make, any Restricted Payment unless:

(a) Immediately after, and after giving effect to, such Restricted Payment, Consolidated Net Worth would be equal to at least the following amounts during the following periods:

Period	Consolidated Net Worth
Closing Date through January 1, 2000	$70,000,000
January 2, 2000 through December 30, 2000	75,000,000
December 31, 2000 through December 29, 2001	80,000,000
December 30, 2001 through December 28, 2002	85,000,000
December 29, 2002 through January 3, 2004	90,000,000
January 4, 2004 through January 1, 2005	95,000,000
January 2, 2005 through Maturity	100,000,000

For purposes of determining whether a particular Restricted Payment will cause the Consolidated Net Worth to fall below the above-described applicable Consolidated Net Worth threshold amount, it shall be assumed that the Consolidated Net Worth immediately prior to such Restricted Payment shall be equal to the Consolidated Net Worth reflected in the most recent Form 10-Q filed by the Company with the Securities and Exchange Commission or, if the Company has filed a Form 10-K with the Securities and Exchange Commission since the filing of its most recent Form 10-Q, the Consolidated Net Worth reflected in such Form 10-K.

(b) at the time of such declaration, making or becoming obligated and immediately before, and after giving effect to, such Restricted Payment and any concurrent transactions;

(i) no Default or Event or Default exists or would exist, and

(ii) the Company would be permitted by the provisions of Section 6.4(a) to incur at least One Dollar ($1.00) of additional Funded Debt.

6.4. Funded Debt; Subsidiary Debt.

(a) Funded Debt. The Company will not, and will not permit any Subsidiary to, at any time after the Initial issuance and sale of the Notes, incur or in any other manner become liable in respect of any Funded Debt (other than Funded Debt of a Subsidiary owed to the Company or a Wholly-Owned Subsidiary) unless, after giving effect thereto and to any concurrent application of the proceeds of such Funded Debt, the ratio of:

(i) Consolidated Funded Debt;

to

(ii) Consolidated Operating Cash Flow for the period of four (4) consecutive fiscal quarters of the Company then most recently ended;

would not exceed 3.25 to 1.0.

(b) Subsidiary Debt. The Company will not permit any Subsidiary to, at any time after the initial issuance and sale of the Notes, incur or in any other manner become liable in respect of any Debt (other than Debt of a Subsidiary owed to the Company or a Wholly-Owned Subsidiary) unless, after giving effect thereto and to any concurrent application of the proceeds of such Debt, (i) Total Subsidiary Debt, plus (ii) Debt secured by Liens incurred pursuant to Section 6.7(a)(viii), would not exceed five percent (5%) of Consolidated Capitalization and provided further that such Debt could be incurred pursuant to paragraph (a) of this Section 6.4.

(c) Deemed Incurrences. For purposes hereof:

(i) each Person any of whose outstanding Debt is at any time sold, transferred or otherwise disposed of by the Company or a Subsidiary shall be deemed to have incurred all such Debt at the time of such sale, transfer or other disposition;

(ii) each Person that becomes a Subsidiary after the Closing Date will be deemed to have incurred all Debt of such Person at the time such Person becomes a Subsidiary; and

(iii) each Person that at any time extends, renews, refunds or refinances any Debt will be deemed to have incurred such Debt at such time.

6.5. Transfers of Property; Subsidiary Stock.

(a) Transfers of Property. The Company will not, and will not permit any Subsidiary to, sell, lease as lessor, transfer or otherwise dispose of any Property (collectively, "Transfers"), except:

(i) Transfers of inventory and of unuseful, obsolete or worn out Property, in each case in the ordinary course of business of the Company or such Subsidiary;

(ii) Transfers from a Subsidiary to the Company or to a Wholly-Owned Subsidiary; and

(iii) any other Transfer of Property at any time to any Person, other than to an Affiliate, for an Acceptable Consideration if:

(A) the sum of

(1) the current book value of such Property, plus

(2) the aggregate book value of all other Property of the Company and the Subsidiaries Transferred (other than in Transfers referred to in the foregoing clause (i) and clause (ii) (collectively, "Excluded Transfers")) during the period of three hundred sixty-five (365) days ended at the time of such Transfer,

would not exceed five percent (5%) of Consolidated Assets determined immediately prior to giving effect to such Transfer;

(B) the sum of

(1) the current book value of such Property, plus

(2) the aggregate book value of all other Property of the Company and the Subsidiaries Transferred (other than in Excluded Transfers) during the period commencing on the Closing Date and ended at the time of such Transfer,

would not exceed twenty-five percent (25%) of Consolidated Assets determined immediately prior to giving effect to such Transfer; and

(C) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist.

(b) Transfers of Subsidiary Stock. The Company will not, and will not permit any Subsidiary to, Transfer any shares of the stock (or any warrants, rights or options to purchase stock or other Securities exchangeable for or convertible into stock) of a Subsidiary (such stock, warrants, rights, options and other Securities herein called "Subsidiary Stock"), nor will any Subsidiary issue, sell or otherwise dispose of any shares of its own Subsidiary Stock, provided that the foregoing restrictions do not apply to:

(i) the issuance by a Subsidiary of shares of its own Subsidiary Stock to the Company or a Wholly-Owned Subsidiary;

(ii) Transfers (other than leases) by the Company or a Subsidiary of shares of Subsidiary Stock to the Company or a Wholly-Owned Subsidiary;

(iii) the issuance by a Subsidiary of directors' qualifying shares; and

(iv) the Transfer of all of the Subsidiary Stock of a Subsidiary owned by the Company and the other Subsidiaries if:

(A) such Transfer satisfies the requirements of Section 6.5(a)(iii);

(B) in connection with such Transfer the entire investment (whether represented by stock, Debt, claims or otherwise) of the Company and the other Subsidiaries in such Subsidiary is Transferred to a Person other than (1) the Company or (2) a Subsidiary not simultaneously being disposed of;

(C) the Subsidiary being disposed of has no continuing investment in any other Subsidiary not simultaneously being disposed of or in the Company; and

(D) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist.

For purposes of determining the book value of Property constituting Subsidiary Stock being Transferred as provided in clause (iv) above, such book value shall be deemed to be the aggregate book value of all assets of the Subsidiary that shall have issued such Subsidiary Stock.

6.6. Merger, Consolidation, etc.

(a) Merger and Consolidation. The Company will not, and will not permit any Subsidiary to, merge with or into or consolidate with or into any other Person or permit any other Person to merge or consolidate with or into it (except that a Subsidiary may merge into or consolidate with the Company or a Wholly-Owned Subsidiary if the Company or such Wholly-Owned Subsidiary is the surviving corporation), provided that the foregoing restriction does not apply to the merger or consolidation of the Company with another corporation if:

(i) the corporation that results from such merger or consolidation (the "Surviving Corporation") is organized under the laws of the United States of America or any state thereof;

(ii) the due and punctual payment of the principal of and Make-Whole Amount, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all the covenants in the Notes and this Agreement to be performed or observed by the Company, are expressly assumed or acknowledged by the Surviving Corporation pursuant to such agreements and instruments as shall be approved by the Required Holders, and the Company causes to be delivered to each holder of Notes an opinion of independent counsel, in form, scope and substance satisfactory to the Required Holders, to the effect that such agreements and instruments are enforceable in accordance with their terms; and

(iii) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto,

(A) no Default or Event of Default exists or would exist, and

(B) the Surviving Corporation would be permitted by the provisions of Section 6.4(a) to incur at least One Dollar ($1.00) of additional Funded Debt.

(b) Acquisition of Stock, etc. The Company will not, and will not permit any Subsidiary to, acquire any stock of any corporation if upon completion of such acquisition such corporation would be a Subsidiary, or acquire all of the Property of, or such of the Property as would permit the transferee to continue any one or more integral business operations of, any Person unless, immediately after the consummation of such acquisition, and after giving effect thereto,

(i) no Default or Event of Default exists or would exist, and

(ii) the Company would be permitted by the provisions of Section 6.4(a) to incur at least One Dollar ($1.00) of additional Funded Debt.

6.7. Liens.

(a) Negative Pledge. The Company will not, and will not permit any Subsidiary to, cause or permit to exist, or agree or consent to cause or permit to exist in the future (upon the happening of a contingency or otherwise), any of their Property, whether now owned or hereafter acquired, to be subject to any Lien except:

(i) Liens securing Property taxes, assessments or governmental charges or levies or the claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons, provided that the payment thereof is not at the time required by Section 6.11;

(ii) Liens

(A) arising from judicial attachments and judgments,

(B) securing appeal bonds or supersedeas bonds, and

(C) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other instrument serving a similar purpose),

provided that (1) the execution or other enforcement of such

Liens is effectively stayed, (2) the claims secured thereby are being actively contested in good faith and by appropriate proceedings, (3) adequate book reserves shall have been established and maintained and shall exist with respect thereto and (4) the aggregate amount so secured shall not at any time exceed Three Million Dollars ($3,000,000);

(iii) Liens incurred or deposits made in the ordinary course of business

(A) in connection with workers' compensation, unemployment insurance, social security and other like laws, and

(B) to secure the performance of letters of credit, bids, tenders, sales contracts, leases, statutory obligations, surety and performance bonds (of a type other than set forth in Section 6.7(a)(ii) and other similar obligations not incurred in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of Property;

(iv) Liens in the nature of reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions or encumbrances affecting real Property, provided that such exceptions and encumbrances do not in the aggregate detract from the value of such Properties or interfere with the use of such Property in the ordinary conduct of the business of the Company and the Subsidiaries in a manner that has or could reasonably be expected to have a Material Adverse Effect;

(v) Liens on Property of a Subsidiary, provided that such Liens secure only obligations owing to the Company;

(vi) Liens in existence on the Closing Date securing Debt, provided that such Liens are described in Part 6.7(a)(vi) of Annex 3;

(vii) Purchase Money Liens, if, after giving effect thereto and to any concurrent transactions:

(A) each such Purchase Money Lien secures Debt in an amount not exceeding eighty percent (80%) of the cost of acquisition or construction of the particular Property to which such Debt relates;

(B) such Property is useful, and intended to be used, in the ordinary course of business of the Company or a Subsidiary;

(C) the aggregate principal amount of all Debt secured by all such Purchase Money Liens does not at any time exceed five percent (5%) of Consolidated Capitalization; and

(D) no Default or Event of Default would exist; and

(viii) In addition to Liens permitted by the preceding subparagraphs (i) through (vii), additional Liens securing Debt; provided that (i) such Debt shall be permitted to be incurred pursuant to Section 6.4(a) and (ii) the aggregate amount of Debt secured by Liens permitted by this subparagraph (viii) plus Debt incurred pursuant to Section 6.4(b), shall not at any time exceed five percent (5%) of Consolidated Capitalization.

(b) Equal and Ratable Lien; Equitable Lien. In case any Property shall be subjected to a Lien in violation of this Section 6.7, the Company will immediately make or cause to be made, to the fullest extent permitted by applicable law, provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby pursuant to such agreements and instruments as shall be approved by the Required Holders, and the Company will cause to be delivered to each holder of a Note an opinion, satisfactory in form and substance to the Required Holders, of independent counsel to the effect that such agreements and instruments are enforceable in accordance with their terms, and in any such case the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of Notes may be entitled thereto under applicable law, of an equitable Lien on such Property securing the Notes (provided that, notwithstanding the foregoing, each holder of Notes shall have the right to elect at any time, by delivery of written notice of such election to the Company, to cause the Notes held by such holder not to be secured by such Lien or such equitable Lien). A violation of this Section 6.7 will constitute an Event of Default, whether or not any such provision is made pursuant to this Section 6.7(b).

(c) Financing Statements. The Company will not, and will not permit any Subsidiary to, sign or file a financing statement under the Uniform Commercial Code of any jurisdiction that names the Company or such Subsidiary as debtor, or sign any security agreement authorizing

any secured party thereunder to file any such financing statement, except, in any such case, a financing statement filed or to be filed to perfect or protect a security interest that the Company or such Subsidiary is not prohibited to create, assume or incur, or permit to exist, under the foregoing provisions of this Section 6.7 or to evidence for informational purposes a lessor's interest in Property leased to the Company or any such Subsidiary.

6.8. Restricted Investments.

The Company will not, and will not permit any Subsidiary to make or permit to exist any Restricted Investment unless immediately after, and after giving effect to such Restricted Investment:

(a) the aggregate amount of all Restricted Investments held by the Company and the Subsidiaries at such time would not exceed ten percent (10%) of Consolidated Capitalization; and

(b) no Default or Event of Default exists or would exist.

6.9. Transactions with Affiliates.

The Company will not, and will not permit any Subsidiary to, enter into any transaction, including, without limitation, the purchase, sale or exchange of Property or the rendering of any service, with any Affiliate, except in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company of such Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate (provided that, with respect to salaries, bonuses and other compensation paid to officers and directors of the Company and of the Subsidiaries, such terms shall be fair and reasonable but need not be comparable to terms that would obtain in an arm's-length transaction).

6.10. Nature of Business.

The Company will not, and will not permit any Subsidiary to, engage in any business if, as a result thereof, the general nature of the businesses of the Company and the Subsidiaries, taken as a whole, would be substantially changed from the businesses thereof described in the Offering Memorandum.

6.11. Payment of Taxes and Claims.

The Company will, and will cause each Subsidiary to, pay before they become delinquent:

(a) all taxes, assessments and governmental charges or levies imposed upon it or its Property; and

(b) all claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons that, if unpaid, might result in the creation of a Lien upon its Property;

provided, that items of the foregoing description need not be paid

(i) while being actively contested in good faith and by appropriate proceedings as long as adequate book reserves have been established and maintained and exist with respect thereto, and

(ii) so long as the title of the Company or the Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby.

6.12. Maintenance of Properties; Corporate Existence; etc.

The Company will, and will cause each Subsidiary to:

(a) Property - maintain its Property in good condition and working order, ordinary wear and tear excepted, and make all necessary renewals, replacements, additions, betterments and improvements thereto;

(b) Insurance - maintain, with financially sound and reputable insurers, insurance with respect to its Property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of Property loss or damage, public liability, business interruption, larceny, workers' compensation, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputations engaged in the same or a similar business and similarly situated;

(c) Financial Records - keep accurate and complete books of records and accounts in which accurate and complete entries shall be made of all its business transactions and that will permit the provision of accurate and complete financial statements in accordance with GAAP;

(d) Corporate Existence and Rights -

(i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate

existence, rights (charter and statutory) and franchises, except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and

(ii) to maintain each Subsidiary as a Subsidiary,

in each case except as permitted by Section 6.5(b) and Section 6.6; and

(e) Compliance with Law - not be in violation of any law, ordinance or governmental rule or regulation to which it is subject (including, without limitation, any Environmental Protection Law and OSHA) and not fall to obtain any license, certificate, permit, franchise or other governmental authorization necessary to the ownership of its Properties or to the conduct of its business if such violations or failures to obtain, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

6.13. Payment of Notes and Maintenance of Office.

The Company will punctually pay, or cause to be paid, the principal of and interest (and Make-Whole Amount, if any) on, the Notes, as and when the same shall become due according to the terms hereof and of the Notes, and will maintain an office at the address of the Company set forth in Section 10.1 where notices, presentations and demands in respect hereof or of the Notes may be made upon it. Such office will be maintained at such address until such time as the Company shall notify the holders of the Notes of any change of location of such office, which will in any event be located within the United States of America.

6.14. ERISA, etc.

(a) Compliance. The Company will, and will cause each ERISA Affiliate to, at all times with respect to each Pension Plan, make timely payment of contributions required to meet the minimum funding standard set forth in ERISA or the IRC with respect thereto, and to comply with all other applicable provisions of ERISA.

(b) Relationship of Vested Benefits to Pension Plan Assets. The Company will not at any time permit the present value of all employees benefits vested under each Pension Plan to exceed the assets of such Pension Plan allocable to such vested benefits at such time, in each case determined pursuant to Section 6.14(c), if such excess, together with the excess (if any) of such present value over such assets for each other Pension Plan at such time, is more than Five Million Dollars ($5,000,000).

(c) Valuations. All assumptions and methods used to determine the actuarial valuation of vested employee benefits under Pension Plans and the present value of assets of Pension Plans will be reasonable in the good faith judgment of the Company and will comply with all requirements of law.

(d) Prohibited Actions. The Company will not, and will not permit any ERISA Affiliate to:

(i) engage in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC) that would result in the imposition of a material tax or penalty;

(ii) incur with respect to any Pension Plan any "accumulated funding deficiency" (as defined in section 302 of ERISA), whether or not waived;

(iii) terminate any Pension Plan in a manner that could result in

(A) the imposition of a Lien on the Property of the Company or any Subsidiary pursuant to section 4068 of ERISA, or

(B) the creation of any liability under section 4062 of ERISA;

(iv) fail to make any payment required by section 515 of ERISA; or

(v) at any time be an "employer" (as defined in section 3(5) of ERISA) required to contribute to any Multiemployer Plan if, at such time, it could reasonably be expected that the Company or any Subsidiary will incur withdrawal liability in respect of such Multiemployer Plan and such liability, if incurred, together with the aggregate amount of all other withdrawal liability as to which there is a reasonable expectation of incurrence by the Company or any Subsidiary under any one or more Multiemployer Plans, could reasonably be expected to have a Material Adverse Effect.

(e) Foreign Pension Plans. The Company will, and will cause each Subsidiary to, make all required payments in respect of funding any Foreign Pension Plan applicable to such Person and otherwise comply with all applicable laws, statutes, rules and regulations governing or affecting such Foreign Pension Plan, except where the failure to make any such payment or the failure to so otherwise comply, in the aggregate for all such failures, could not reasonably be expected to have a Material Adverse Effect.

6.15. Pro-Rata Offers.

The Company will not, and will not permit any Subsidiary or any Affiliate to, directly or indirectly, acquire or make any offer to acquire any Notes unless the Company or such Subsidiary or Affiliate shall have offered to acquire Notes, pro rata, from all holders of the Notes and upon the same terms. In case the Company acquires any Notes, such Notes will immediately thereafter be canceled and no Notes will be issued in substitution therefor.

6.16. Private Offering.

The Company will not, and will not permit any Person acting on its behalf to, offer the Notes or any part thereof or any similar Securities for issuance or sale to, or solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Notes within the provisions of section 5 of the Securities Act.

7. INFORMATION AS TO COMPANY

7.1. Financial and Business Information.

The Company will deliver to each holder of Notes:

(a) Quarterly Statements - as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), and in any event within forty-five (45) days thereafter, duplicate copies of:

(i) a consolidated statement of financial condition of the Company and the Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of operations and cash flows of the Company and the Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer, and accompanied by the certificate required by Section 7.2;

(b) Annual Statements - as soon as practicable after the end of each fiscal year of the Company, and in any event within ninety (90) days thereafter, duplicate copies of:

(i) consolidated and consolidating statements of financial condition of the Company and the Subsidiaries, as at the end of such year, and

(ii) consolidated and consolidating statements of operations, shareholders' equity and cash flows of the Company and the Subsidiaries for such year,

setting forth in each case in comparative form the figures for the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(A) In the case of such consolidated statements, an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall, without qualification, state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances,

(B) a statement from such independent certified public accountants that such consolidating statements were prepared using the same work papers as were used in the preparation of such consolidated statements,

(C) a certification by a Senior Financial Officer that such consolidated and consolidating statements are complete and correct, and

(D) the certificates required by Section 7.2 and Section 7.3;

(c) Audit Reports - promptly upon receipt thereof, a copy of each other report submitted to the Company or any Subsidiary by independent accountants in connection with any management report, special audit report or comparable analysis prepared by them with respect to the books of the Company or any Subsidiary;

(d) SEC and Other Reports - promptly upon their becoming available, a copy of each financial statement, report (including, without limitation, each Quarterly Report on Form 10-Q, each Annual Report on Form 10-K and each Current Report on Form 8-K), notice or proxy statement sent by the Company or any Subsidiary to stockholders generally and of each regular or periodic report and any registration statement, prospectus or written communication (other than transmittal letters), and each amendment thereto, in respect thereof filed by the Company or any Subsidiary with, or received by, such Person in connection therewith from, the National Association of Securities Dealers, any securities exchange or the Securities and Exchange Commission or any successor agency;

(e) ERISA -

(i) Immediately upon becoming aware of the occurrence of any

(A) "reportable event" (as defined in section 4043 of ERISA), excluding, however, such events as to which the PBGC by regulation shall have waived the requirement of section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of section 412 of the IRC and of section 302 of ERISA shall not be so excluded regardless of the issuance of any such waiver of the notice requirement in accordance with either section 4043(a) of ERISA or section 412(d) of the IRC), or

(B) "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC),

In connection with any Pension Plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto and, when known, any action taken by the IRS, the DOL or the PBGC with respect thereto, and

(ii) prompt written notice of and, where applicable, a description of

(A) any notice from the PBGC in respect of the commencement of any proceeding pursuant to section 4042 of ERISA to terminate any Pension Plan or for the appointment of a trustee to administer any Pension Plan,

(B) any distress termination notice delivered to the PBGC under section 4041 of ERISA in respect of any Pension Plan, and any determination of the PBGC in respect thereof,

(C) the placement of any Multiemployer Plan in reorganization status under Title IV of ERISA,

(D) any Multiemployer Plan becoming "insolvent" (as defined in section 4245 of ERISA) under Title IV of ERISA, and

(E) the whole or partial withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan and the withdrawal liability incurred in connection therewith;

(f) Actions, Proceedings - promptly after the commencement thereof, notice of any action or proceeding relating to the Company or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would have a Material Adverse Effect;

(g) Certain Environmental Matters - promptly written notice of and a description of any event or circumstance that, had such event or circumstance occurred or existed immediately prior to the Closing Date, would have been required to be disclosed as an exception to any statement set forth in Section 2.13;

(h) Notice of Default or Event of Default - immediately upon becoming aware of the existence of any condition or event that constitutes a Default or an Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(i) Notice of Claimed Default - immediately upon becoming aware that the holder of any Note, or of any Debt or any Security of the Company or any Subsidiary, shall have given notice or taken any other action with respect to a claimed Default, Event or Default, default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed Default, Event of Default, default or event of default and what action the Company is taking or proposes to take with respect thereto; and

(j) Requested Information - with reasonable promptness, such other data and information as from time to time may be reasonably requested by any holder of Notes, including, without limitation,

(i) copies of any statement, report or certificate furnished to any holder of any Debt or any Security of the Company or any Subsidiary,

(ii) information requested to comply with any request of the National Association of Insurance Commissioners in respect of the designation of the Notes, and

(iii) information requested to comply with 17 C.F.R. ss.230.144A, as amended from time to time,

provided that any such request with respect to any of the data and information referred to in the foregoing clauses (i), (ii), (iii) shall be deemed to be reasonable for purposes of this Section 7.1(j).

7.2. Officers' Certificates.

Each set of financial statements delivered to each holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance - the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 6.1 through Section 6.9, inclusive, during the period covered by the statement of operations then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculations of the amounts, ratio or percentage then in existence); and

(b) Event of Default - a statement that the signers have reviewed the relevant terms hereof and have made, or caused to be made, under their supervision, a review of the transactions and conditions of the Company and the Subsidiaries from the beginning of the accounting period covered by the income statements being delivered therewith to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. Accountants' Certificates.

Each set of annual financial statement delivered pursuant to Section 7.1(b) shall be accompanied by a certificate of the accountants who certify such financial statements, stating that they have reviewed this Agreement and stating further, whether, in making their audit, such accountants have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if such accountants are aware that any such condition or event then exists, specifying the nature and period of existence thereof.

7.4. Inspection.

The Company will permit the representatives of each holder of Notes, at the expense of the Company at any time when a Default or Event of Default has occurred and is in existence, and otherwise at the expense of such holder, to visit and inspect any of the Properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants (and by this provision the Company authorizes such accountants to discuss the finances and affairs of the Company and the Subsidiaries), all at such reasonable times and as often as may be reasonably requested.

8. EVENTS OF DEFAULT

8.1. Nature of Events.

An "Event of Default" shall exist if any of the following occurs and is continuing at any time:

(a) Principal or Make-Whole Amount Payments - the Company shall fail to make any payment of principal or Make-Whole Amount on any Note on or before the date such payment is due;

(b) Interest Payments - the Company shall fail to make any payment of interest on any Note on or before five (5) Business Days after the date such payment is due;

(c) Particular Covenant Defaults - the Company or any Subsidiary shall fail to perform or observe any covenant contained in Section 6.1 through 6.8, inclusive, or in Section 7.1(h) or Section 7.1(i), and such failure shall continue for more than five (5) days after such failure shall first become known to any officer of the Company;

(d) Other Defaults - the Company or any Subsidiary shall fail to comply with any other provision hereof, and such failure shall continue for more than thirty (30) days after such failure shall first become known to any officer of the Company;

(e) Warranties or Representations - any warranty, representation or other statement by or on behalf of the Company contained herein or in any certificate or instrument furnished in compliance with or in reference hereto shall have been false or misleading in any material respect when made;

(f) Default on Debt or Security -

(i) the Company or any Subsidiary shall fail to make any payment on any Debt or any Security when due; or

(ii) any event shall occur or any condition shall exist in respect of any Debt or any Security of the Company or any Subsidiary, or under any agreement securing or relating to any such Debt or Security, that immediately or with any one or more of the passage of time, the giving of notice or the expiration of waivers or modifications granted in respect of such event or condition:

(A) causes (or permits any one or more of the holders thereof or a trustee therefor to cause) such Debt or Security, or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled date or dates of payment; or

(B) permits any one or more of the holders thereof or a trustee therefor to require the Company or any Subsidiary to repurchase such Debt or Security from such holder;

provided that the aggregate amount of all obligations in respect of all such Debt and Securities referred to in this clause (f) exceeds at such time Three Million Dollars ($3,000,000);

(g) Involuntary Bankruptcy Proceedings -

(i) a receiver, liquidator, custodian or trustee of the Company or any Subsidiary, or of all or any part of the Property of either, shall be appointed by court order and such order shall remain in effect for more than thirty (30) days, or an order for relief shall be entered with respect to the Company or any Subsidiary, or the Company or any Subsidiary shall be adjudicated bankrupt or insolvent;

(ii) any of the Property of the Company or any Subsidiary shall be sequestered by court order and such order shall remain in effect for more than thirty (30) days; or

(iii) a petition shall be filed against the Company or any Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within thirty (30) days after such filing;

(h) Voluntary Petitions - the Company or any Subsidiary shall file a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or shall consent to the filing of any petition against it under any such law;

(i) Assignments for Benefit of Creditors, etc. - the Company or any Subsidiary shall make an assignment for the benefit of its creditors, or shall admit in writing its inability, or shall fail, to pay its debts generally as they become due, or shall consent to the appointment of a receiver, liquidator or trustee of the Company or any Subsidiary or of all or any part of the Property of either; or

(j) Undischarged Final Judgments - a final judgment or final judgments for the payment of money aggregating in excess of Three Million Dollars ($3,000,000) shall be outstanding against any one or more of the Company and the Subsidiaries and any one of such judgments shall have been outstanding for more than thirty (30) days from the date of its entry and shall not have been discharged in full or stayed.

8.2. Default Remedies.

(a) Acceleration on Event of Default.

(i) If an Event of Default specified in clause (g), clause (h) or clause (i) of Section 8.1 shall exist, all of the Notes at the time outstanding shall automatically become immediately due and payable, together with interest accrued thereon and the Make-Whole Amount at such time with respect to such principal amount of such Notes; in each case without presentment, demand, protest of notice of any kind, all of which are hereby expressly waived.

(ii) If an Event of Default other than those specified in clause (g), clause (h) and clause (i) of Section 8.1 shall exist, the holder or holders of at least fifty percent (50%) in principal amount of the Notes then outstanding (exclusive of Notes then owned by any one or more of the Company, any Subsidiary or any Affiliate) may exercise any right, power or remedy permitted to such holder or holders by law and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal of, and all interest accrued on, all the Notes then outstanding to be, and such Notes shall thereupon become, immediately due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, and the Company shall immediately pay to the holder or holders of all the Notes then outstanding the entire principal of, and interest accrued on, the Notes and, to the extent permitted by applicable law, the Make-Whole Amount on the date of such declaration with respect to such principal amount of such Notes.

(b) Acceleration on Payment Default. During the existence of an Event of Default described in Section 8.1(a) or Section 8.1(b), and irrespective of whether the Notes then outstanding shall have been declared to be due and payable pursuant to Section 8.2(a)(ii), any holder of Notes that shall have not consented to any waiver with respect to such Event of Default may, at such holder's option, by notice in writing to the Company, declare the Notes then held by such holder to be, and such Notes shall thereupon become, immediately due and payable together with all interest accrued thereon, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, and the Company shall immediately pay to such holder the entire principal of interest accrued on such Notes and, to the extent permitted by applicable law, the Make-Whole Amount at such time with respect to such principal amount of such Notes.

(c) Valuable Rights. The Company acknowledges, and the parties hereto agree, that the right of each holder to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) is a valuable right and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

(d) Other Remedies. During the existence of an Event of Default and irrespective of whether the Notes then outstanding shall have been declared to be due and payable pursuant to Section 8.2(a)(ii) and irrespective of whether any holder of Notes then outstanding shall otherwise have pursued or be pursuing any other rights or remedies, any holder of Notes may proceed to protect and enforce its rights hereunder and under such Notes by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any agreement contained herein or in aid of the exercise of any power granted herein, provided that the maturity of such holder's Notes may be accelerated only in accordance with Section 8.2(a) and Section 8.2(b).

(e) Nonwaiver and Expenses. No course of dealing on the part of any holder of Notes nor any delay or failure on the part of any holder of Notes to exercise any right shall operate as a waiver of such right or otherwise prejudice such holder's rights, powers and remedies. If the Company shall fail to pay when due any principal of, or Make-Whole Amount or interest on, any Note, or shall fail to comply with any other provision hereof, or if there shall be a controversy or potential controversy between the Company and one or more holders of Notes as to any of the provisions of this Agreement or the Notes, the Company shall pay to each holder of Notes, to the extent permitted by applicable law, such further amounts as shall be sufficient to cover the costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by each such holder in collecting any sums due on such Notes or in otherwise assessing, analyzing or enforcing any rights or remedies that are or may be available to it.

8.3. Annulment of Acceleration of Notes.

If a declaration is made pursuant to Section 8.2(a)(ii), then and in every such case, the holders of at least fifty-one percent (51%) in aggregate principal amount of the Notes then outstanding (exclusive of Notes then owned by any one or more of the Company, any Subsidiaries and any Affiliates) may, by written instrument filed with the Company, rescind and annul such declaration and the consequences thereof, provided that at the time such declaration is annulled and rescinded:

(a) no judgment or decree shall have been entered for the payment of any moneys due on or pursuant hereto or the Notes;

(b) all arrears of interest upon all the Notes and all other sums payable hereunder and under the Notes (except any principal of, or interest or Make-Whole Amount on, the Notes that shall have become due and payable by reason of such declaration under Section 8.2(a)(ii)) shall have been duly paid; and

(c) each and every other Default and Event of Default shall have been waived pursuant to Section 10.5 or otherwise made good or cured;

and provided further that no such rescission and annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon.

9. INTERPRETATION OF THIS AGREEMENT

9.1. Terms Defined.

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

Acceptable Consideration - means with respect to any Transfer of any Property of the Company or a Subsidiary, cash consideration, promissory notes or such other consideration (or any combination of the foregoing) received by such Person in connection with such Transfer as is, in each case, determined by the Board of Directors, in its good faith opinion, to be in the best interests of the Company and to reflect the Fair Market Value of such Property. It is understood that the Company's or such Subsidiary's acceptance of any such consideration in connection with such Transfer will constitute an investment and may, depending upon the form of such consideration, constitute a Restricted Investment made by the Company or such Subsidiary.

Affiliate - means, at any time, a Person (other than a Subsidiary):

(a) that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Company;

(b) that beneficially owns or holds five percent (5%) or more of any class of the Voting Stock of the Company;

(c) five percent (5%) or more of the Voting Stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary; or

(d) that is an officer or director (or a member of the immediate family of an officer or director) of the Company or any Subsidiary;

at such time.

As used in this definition:

Control - means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Agreement - means this agreement, as it may be amended and restated from time to time.

Applicable Minimum Denomination - means, at any time, with respect to any Note, the product of:

(a) Five Million Dollars ($5,000,000), multiplied by

(b) the quotient of

(1) the aggregate principal amount of Notes outstanding at such time, divided by

(2) Sixty Million Dollars ($60,000,000);

provided that:

(A) If such Note was issued on the Closing Date in an original principal amount less than Five Million Dollars ($5,000,000) or if such Note was issued in exchange for a Note that was issued on the Closing Date in an original principal amount less than Five Million Dollars ($5,000,000) (or was issued as a result of any number of successive exchanges of Notes referred to in this clause (A)), then in determining the Applicable Minimum Denomination with respect to such Note there shall be substituted in clause (a) of this definition, in place of "Five Million Dollars ($5,000,000)," the original principal amount of such Note issued on the Closing Date in such original principal amount less than Five Million Dollars ($5,000,000); and

(B) If two or more Notes are held or are proposed to be held by a single Person, and/or by two or more Persons that are Investor Affiliates of one another, then the Applicable Minimum Denomination with respect to each of such Notes shall be One Million Dollars ($1,000,000) (except as may be necessary to reflect any principal amount not evenly divisible by One Million Dollars ($1,000,000)).

Board of Directors - means the board of directors of the Company or any committee thereof that, in the instance, shall have the lawful power to exercise the power and authority of such board of directors.

Business Day - means, at any time, a day other than a Saturday, a Sunday or a day on which the bank designated by the holder of a Note to receive (for such holder's account) payments on such Note is required by law (other than a general banking moratorium or holiday for a period exceeding four (4) consecutive days) to be closed.

Capital Expenditures - means the costs of acquisition or construction of any asset that at the time of acquisition or construction has an expected economic useful life of more than one (1) year, and would be shown on a balance sheet (or on a statement of financial condition) of the acquiring or constructing Person as an asset.

Capital Lease - means, at any time, a lease with respect to which the lessee is required by GAAP to recognize the acquisition of an asset and the incurrence of a liability at such time.

Closing - Section 1.2.

Closing Date - Section 1.2.

Company - introductory paragraph hereof.

Consolidated Assets - means, at any time, the amount at which the assets of the Company and the Subsidiaries would be shown on a consolidated balance sheet (or on a consolidated statement of financial condition) of such Persons at such time after deduction of depreciation, amortization and all other properly deductible valuation reserves.

Consolidated Capitalization - means, at any time, the sum of

(a) Consolidated Net Worth, plus

(b) Consolidated Funded Debt,

in each case determined at such time.

Consolidated Debt - means, at any time, the aggregate amount of Debt of the Company and the Subsidiaries, determined at such time after eliminating intercompany transactions among the Company and the Subsidiaries.

Consolidated Fixed Charges - means, for any period, the sum of

(a) Consolidated Interest Expense for such period, plus

(b) the amount payable in respect of such period with respect to Operating Rentals payable by the Company and the Subsidiaries, determined after eliminating intercompany transactions among the Company and the Subsidiaries.

Consolidated Funded Debt - means, at any time, the aggregate amount of Funded Debt of the Company and the Subsidiaries, determined at such time after eliminating intercompany transactions among the Company and the Subsidiaries.

Consolidated Interest Expense - means, for any period, the amount of interest accrued or capitalized on, or with respect to, Consolidated Debt for such period, including, without limitation, amortization of debt discount, imputed interest on Capital Leases and interest on the Notes.

Consolidated Net Income - means, for any period, net earnings (or loss) after income taxes of the Company and the Subsidiaries, determined on a consolidated basis for such Persons, but excluding:

(a) net earnings (or loss) of any Subsidiary accrued prior to the date it became a Subsidiary;

(b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of capital assets other than in the ordinary course of business;

(c) any extraordinary, unusual or nonrecurring gains or losses;

(d) any gain arising from any reappraisal or write-up of assets;

(e) any portion of the net earnings of any Subsidiary that for any reason is unavailable for payment of dividends to the Company or a Subsidiary;

(f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;

(g) any earnings of any Person acquired by the Company or any Subsidiary through purchase, merger or consolidation or otherwise, or earnings of any Person substantially all of whose assets have been acquired by the Company or any Subsidiary, for any period prior to the date of acquisition, provided that the earnings referred to in this clause (g) shall not be excluded in determining Consolidated Net Income for purposes of clause (a) of the definition of Consolidated Operating Cash Flow;

(h) net earnings of any Person (other than a Subsidiary) in

which the Company or any Subsidiary shall have an ownership interest unless such net earnings shall have actually been received by the Company or such Subsidiary in the form of cash distributions; and

(i) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve was made during such period out of income accrued during such period.

Consolidated Net Income Before Amortization - means, for any period, the sum of

(a) Consolidated Net Income for such period, plus

(b) the aggregate amount of amortization of intangibles (to the extent, and only to the extent, that such aggregate amount was deducted in the computation of Consolidated Net Income for such period).

Consolidated Net Worth - means, at any time, total shareholders' equity as would be shown on a consolidated balance sheet (or on a consolidated statement of financial condition) of the Company and the Subsidiaries at such time.

Consolidated Operating Cash Flow - means, for any period, the sum of:

(a) Consolidated Net Income for such period, plus

(b) the aggregate amount of:

(i) Consolidated Fixed Charges, and

(ii) income taxes, depreciation and amortization

(to the extent, and only to the extent, that such aggregate amount was deducted in the computation of Consolidated Net Income for such period). Consolidated Operating Cash Flow shall be adjusted retroactively on a pro forma basis to give effect to the net income (as determined in the same manner as Consolidated Net Income hereunder) attributable to any Person acquired or disposed of by the Company or any Subsidiary.

Debt - means, with respect to any Person, without duplication:

(a) its liabilities for borrowed money (whether or not evidenced by a Security);

(b) any liabilities secured by any Lien existing on Property owned by such Person (whether or not such liabilities have been assumed);

(c) its liabilities in respect of Capital Leases;

(d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capital Lease) discounted at the implicit rate, if known, with respect thereto or, if unknown, at eight percent (8%) per annum; and

(e) its Guaranties of any liabilities of another Person constituting liabilities of a type set forth above.

Default - means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

DOL - means the Department of Labor and any successor agency.

Dollars or $ - means United States of America dollars.

Environmental Protection Laws - means any federal, state, county, regional or local law, statute or regulation (including, without limitation, CERCLA, RCRA and SARA) enacted in connection with or relating to the protection or regulation of the environment, including, without limitation, those laws, statutes and regulations regulating the disposal, removal, production, storing, refining, handling, transferring, processing or transporting of Hazardous Substances, and any regulations issued or promulgated in connection with such statutes by any Governmental Authority, and any orders, decrees or judgments issued by any court of competent jurisdiction in connection with any of the foregoing.

As used in this definition:

CERCLA - means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time (by SARA or otherwise), and all rules and regulations promulgated in connection therewith.

RCRA - means the Resource Conservation and Recovery Act of 1976, as amended from time to time, and all rules and regulations promulgated in connection therewith.

SARA - means the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, and all rules and regulations

promulgated in connection therewith.

ERISA - means the Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA Affiliate - means any corporation or trade or business that:

(a) is a member of the same controlled group of corporations (within the meaning of section 414(b) of the IRC) as the Company; or

(b) is under common control (within the meaning of section 414(c) of the IRC) with the Company.

Event of Default - Section 8.1.

Exchange Act - means the Securities Exchange Act of 1934, as amended.

Excluded Transfers - Section 6.5.

Fair Market Value - means, at any time, with respect to any Property, the sale value of such Property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller under no compulsion to buy or sell, respectively.

Foreign Pension Plan - means any plan, fund or other similar program.

(a) established or maintained outside of the United States of America by any one or more of the Company or the Subsidiaries primarily for the benefit of the employees (substantially all of whom are aliens not residing in the United States of America) of the Company or such Subsidiaries which plan, fund or other similar program provides for retirement income for such employees or results in a deferral of income for such employees in contemplation of retirement, and

(b) not otherwise subject to ERISA.

Funded Debt - means, at any time of determination, with respect to any Person, all Debt of such person that is expressed to mature more than one (1) year from the date of the creation thereof or that is extendible or renewable at the option of such Person to a time more than one (1) year after the date of the creation thereof (whether or not at such time of determination such Debt is payable within one (1) year).

GAAP - means accounting principles as promulgated from time to time in statements, opinions and pronouncements by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board and in such statements, opinions and pronouncements of such other entities with respect to financial accounting of for-profit entities as shall be accepted by a substantial segment of the accounting profession in the United States.

Governmental Authority - means:

(a) the government of

(i) the United States of America and any state or other political subdivision thereof, or

(ii) any other jurisdiction (y) in which the Company or any Subsidiary conducts all or any part of its business of (z) that asserts jurisdiction over the conduct of the affairs or Properties of the Company or any Subsidiary; and

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

Guaranty - means, with respect to any Person (for the purposes of this definition, the "Guarantor"), any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of the Guarantor guaranteeing or in effect guaranteeing (including, without limitation, by means of a surety bond, letter of credit or other similar instrument, whether or not designated as a "guaranty") any indebtedness, dividend or other obligation of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly, including, without limitation, obligations incurred through an agreement, contingent or otherwise, by the Guarantor:

(a) to purchase such indebtedness or obligation or any Property constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness or obligation, or

(ii) to maintain working capital or other balance sheet (or statement of financial condition) condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of

such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of the indebtedness or obligation of the Primary Obligor against loss in respect thereof.

For purposes of computing the amount of any Guaranty in connection with any computation of indebtedness or other liability, it shall be assumed that the indebtedness or other liabilities that are the subject of such Guaranty are direct obligations of the issuer of such Guaranty. Without limiting the generality of the foregoing, it is agreed and understood that each general partner of a partnership shall be deemed to be a Guarantor of all indebtedness and other obligations of such partnership and such partnership shall be deemed to be the Primary Obligor in respect of such indebtedness and other obligations. For purposes of the immediately preceding sentence, a Person shall be deemed to be a general partner of any so-called "joint venture" or other arrangement (whether or not constituting a partnership), and such joint venture or other arrangement shall be deemed to be a partnership, if, pursuant to applicable law, by contract or otherwise, such Person is liable, directly or indirectly, contingently or otherwise, either individually or jointly with one or more other Persons, for the indebtedness or other obligations of such joint venture or other arrangement.

Hazardous Substances - means any and all pollutants, contaminants, toxic or hazardous wastes and any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be, in each of the foregoing cases, restricted, prohibited or penalized by any applicable law.

Institutional Investor - means the Purchasers, any affiliate of any of the Purchasers, any holder or beneficial owner of Notes that is an "accredited investor" as defined in section 2(15) of the Securities Act and or a "qualified institutional buyer" as defined in 17 C.F.R. ss.230.144A, as amended from time to time.

Investment - means any investment, made in cash or by delivery of Property, by the Company or any Subsidiary:

(a) in any Person, whether by acquisition of stock, indebtedness or other obligation or Security, or by loan, Guaranty, advance, capital contribution or otherwise; or

(b) in any Property.

Investments shall be valued at cost less any net return of capital through the sale or liquidation thereof or other return of capital thereon.

Investor Affiliate - means, at any time, with respect to any holder or proposed holder of Notes, any Person that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such holder or proposed holder.

As used in this definition:

Control - means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person (including, without limitation, the management and policies of the investment of assets of such Person), whether through the ownership of voting securities, by contract or otherwise. Without limitation of the foregoing, any separate account of an insurance company shall be deemed to be Controlled by such insurance company.

IRC - means the Internal Revenue Code of 1986, together with all rules and regulations promulgated pursuant thereto, as amended from time to time.

IRS - means the Internal Revenue Service and any successor agency.

Lien - means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, sale with recourse or a trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" includes, without limitation, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting real Property and includes, without limitation, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements. For the purposes hereof, the Company and each Subsidiary shall be deemed to be the owner of any Property that it shall have acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting is deemed a Lien. The term "Lien" does not include negative pledge clauses in agreements relating to the borrowing of money.

Make-Whole Amount - means, with respect to any date (a "Prepayment Date") and any principal amount ("Prepaid Principal") of Notes required for any reason to be paid prior to the regularly scheduled maturity thereof on such Prepayment Date, the greater of

(a) Zero Dollars ($0), and

(b) (i) the sum of the present values of the then remaining scheduled payments of principal and interest that would be payable in respect of such Prepaid Principal but for such prepayment or acceleration, minus

(ii) the sum of

(A) the amount of such Prepaid Principal, plus

(B) the amount of interest accrued on such Prepaid Principal since the scheduled interest payment date immediately preceding such Prepayment Date.

In determining such present values, a discount rate equal to the Make-Whole Discount Rate with respect to such Prepayment Date and Prepaid Principal divided by two (2), and a discount period of six (6) months to thirty (30) days each, shall be used.

As used in this definition:

Make-Whole Discount Rate - means, with respect to any Prepayment Date and Prepaid Principal, the sum of

(a) the per annum percentage rate (rounded to the nearest three (3) decimal places) equal to the (i) yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Prepayment Date with respect to such Prepaid Principal on the display designated as the "USD Screen" on the Bloomberg Financial Market Service (or such other screen as may replace the USD Screen on Bloomberg Financial Market Service) for actively traded U.S. Treasury securities having a maturity equal to the Weighted Average Life to Maturity of such Prepaid Principal as of such Prepayment Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the yield to maturity derived from the annual yield to maturity of the United States Treasury obligation listed in the Applicable H.15 as of such Prepayment Date for the then most recently available day in such Applicable H.15 with a Treasury Constant Maturity (as defined in such Applicable H.15) equal to the Weighted Average Life to Maturity of such Prepaid Principal determined as of such Prepayment Date, plus

(b) forty one-hundredths percent (0.40%) per annum. For purposes of clause (a) of the preceding sentence, if no United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is listed, the yields for the two (2) published United States Treasury obligation with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Applicable H.15 - means, at any time, United States Federal Reserve Statistical Release H.15(519) or its successor publication then most recently published and available to the public or, if no such successor publication is available, then any other source of current information in respect of interest rates on securities of the United States of America that is generally available and, in the judgment of the Required Holders, provides information reasonably comparable to the H.15(519) report.

Weighted Average Life to Maturity - means, with respect to any Prepayment Date and Prepaid Principal, the number of years obtained by dividing the Remaining Dollar-Years of such Prepaid Principal determined on such Prepayment Date by such Prepaid Principal.

Remaining Dollar-Years - means, with respect to any Prepayment Date and Prepaid Principal, the result obtained by

(a) multiplying, in the case of each required payment of principal (including payment at maturity) that would be payable in respect of such Prepaid Principal but for such prepayment,

(i) an amount equal to such required payment of principal, by

(ii) the number of years (calculated to the nearest one-twelfth (1/12) that will elapse between such Prepayment Date and the date such required principal payment would be due if such Prepaid Principal had not be so prepaid, and

(b) calculating the sum of each of the products obtained in the preceding subsection (a).

Mandatory Principal Amortization Payments - Section 4.1.

Margin Security - means "margin stock" within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II, as amended from time to time.

Material Adverse Effect - means a material adverse effect on the business, profits, Properties or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or on the ability of the Company

to perform its obligations set forth herein and in the Notes.

Multiemployer Plan - means any "multiemployer plan" (as defined in section 3 of ERISA) in respect of which the Company or any ERISA Affiliate is an "employer" (as defined in section 3 of ERISA).

Note Purchase Agreements - Section 1.2.

Notes - Section 1.1.

Offering Memorandum - Section 2.1.

Operating Lease - means, with respect to any Person, any lease other than a Capital Lease.

Operating Rentals - means all fixed payments that the lessee is required to make by the terms of any Operating Lease.

OSHA - means the Occupational Safety and Health Act of 1970, together with all rules, regulations and standards promulgated pursuant thereto, all as amended from time to time.

PBGC - means the Pension Benefit Guaranty Corporation and any successor corporation or governmental agency.

Pension Plan - means, at any time, any "employee pension benefit plan" (as defined in section 3 of ERISA) maintained at such time by the Company or any ERISA Affiliate for employees of the Company of such ERISA Affiliate, excluding any Multiemployer Plan.

Person - means an individual, sole proprietorship, partnership, corporation, trust, joint venture, unincorporated organization, or a government or agency or political subdivision thereof.

Placement Agent - means William Blair & Company, L.L.C.

Preferred Stock - means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

Property - means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

Purchase Money Lien - means a Lien held by any Person (whether or not the seller of such Property) on tangible Property (or a group of related items of Property the substantial portion of which are tangible) acquired or constructed by the Company or any Subsidiary, which Lien secures all or a portion of the related purchase price or construction costs of such Property, provided that such Lien

(a) is created contemporaneously with, or within thirty (30) days of, such acquisition or construction,

(b) encumbers only Property purchased or constructed after the Closing Date and acquired with the proceeds of the Debt secured thereby, and

(c) is not thereafter extended to any other Property.

Purchasers - means the purchasers of the Notes set forth in Annex 1 hereto.

Required Holders - means, at any time, the holders of at least fifty-one percent (51%) in principal amount of the Notes at any time outstanding (exclusive of Notes then owned by any one or more of the Company, any Subsidiary and any Affiliate).

Restricted Investment - means, at any time, all Investments except the following:

(a) Investments in Property to be used in the ordinary course of business of the Company and the Subsidiaries;

(b) Investments in current assets arising from the sale of goods and services in the ordinary course of business of the Company and the Subsidiaries;

(c) Investments in one or more Subsidiaries or any corporation that concurrently with such Investment becomes a Subsidiary;

(d) Investments in direct obligations of, or obligations guarantied by, the United States of America or any agency of the United States of America the obligations of which agency carry the full faith and credit of the United States of America, provided that such obligations mature within one (1) year from the date of acquisition thereof;

(e) Investments in negotiable certificates of deposit issued by commercial banks organized under the laws of the United States of America or any state thereof, having capital, surplus and undivided profits aggregating at least Two Hundred Fifty Million Dollars ($250,000,000) and the long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning

all of the capital stock of such bank) of which are rate "A" or higher by Standard & Poor's Corporation or "A2" or higher by Moody's Investors Service, provided that such certificates of deposit mature within one (1) year from the date of acquisition thereof;

(f) Investments in commercial paper rated "A-1" or higher by Standard & Poor's Corporation or "P-1" or higher by Moody's Investors Service, provided that such obligations mature within two hundred seventy (270) days from the date or creation thereof; and

(f) Investments in any obligation of any state of the United States of America or any municipality thereof rated "BBB" or higher by Standard & Poor's Corporation or "Baa" or higher by Moody's Investors Service, provided that such obligations mature within one (1) year from the date of acquisition thereof.

Restricted Payment - means:

(a) any dividend or other distribution, direct or indirect, on account of any shares of capital stock of the Company or any Subsidiary (other than on account of capital stock of a Subsidiary owned legally and beneficially by the Company or a Wholly-Owned Subsidiary) now or hereafter outstanding, whether in cash or other Property, except a dividend or other distribution payable solely in shares of common stock of such Person; and

(b) any redemption, retirement, purchase or other acquisition, direct or indirect, of any shares of capital stock of the Company or any Subsidiary (other than on account of capital stock of a Subsidiary owned legally and beneficially by the Company or a Wholly-Owned Subsidiary) now or hereafter outstanding, or of any warrants, rights or options to acquire any shares of such stock.

Securities Act - means the Securities Act of 1933, as amended.

Security - means "security" as defined in section 2(1) of the Securities Act.

Senior Financial Officer - means the chief financial officer, the principal accounting officer, the controller or the treasurer of the Company.

Senior Officer - means the chief executive officer, the president or the chief financial officer of the Company.

Subsidiary - means, at any time, a corporation of which the Company owns, directly or indirectly, more than fifty percent (50%) (by number of votes) of each class of the Voting Stock at such time.

Subsidiary Stock - Section 6.5.

Surviving Corporation - Section 6.6.

Total Subsidiary Debt - means, at any time, without duplication, the aggregate amount of Debt and Preferred Stock of the Subsidiaries, determined at such time after eliminating intercompany transactions among the Company and the Subsidiaries.

Transfers - Section 6.5.

Voting Stock - means capital stock of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect corporate directors (or Persons performing similar functions).

Wholly-Owned Subsidiary - means, at any time, any Subsidiary one hundred percent (100%) of all of the equity Securities (except directors' qualifying shares) and voting Securities of which are owned by, and all of the Debt of which is held by, any one or more of the Company and the other Wholly-Owned Subsidiaries at such time.

9.2. GAAP.

Where the character or amount of any asset or liability or item of income or expense, or any consolidation or other accounting computation is required to be made for any purpose hereunder, it shall, unless otherwise specified, be done in accordance with GAAP, provided, that if any term defined herein includes or excludes amounts, items or concepts that would not be included in or excluded from such term if such term was defined with reference solely to GAAP, such term will be deemed to include or exclude such amounts, items or concepts as set forth herein.

9.3. Directly or Indirectly.

Where any provision herein refers to action to be taken by any Person, or that such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any partnership in which such Person is a general partner.

9.4. Section Headings and Table of Contents and Construction.

(a) Section Headings and Table of Contents, etc. The titles of the Sections of this Agreement and Table of Contents of this Agreement appear as a matter of convenience only, do not constitute a part hereof

and shall not affect the construction hereof. The words "herein," "hereof," "hereunder," and "hereto" refer to this Agreement as a whole and not to any particular Section or other subdivision. Unless otherwise specified, references to Sections are to Sections of this Agreement, references to Annexes are to Annexes to this Agreement and references to Exhibits are to Exhibit to this Agreement.

(b) Construction. Each covenant contained herein shall be construed (absent an express contrary provision herein) as being independent of each other covenant contained herein, and compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with one or more other covenants.

9.5. Governing Law.

THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, INTERNAL ILLINOIS LAW.

10. MISCELLANEOUS

10.1. Communications.

(a) Method; Address. All communications hereunder or under the Notes shall be in writing, shall be (y) hand delivered or deposited into the United States mail (registered or certified mail), postage prepaid and (z) sent by overnight courier or by facsimile transmission, and shall be addressed,

(i) if to the Company,

Littelfuse, Inc.
800 East Northwest Highway
Des Plaines, Illinois 60016
Attention: Chief Financial Officer
Facsimile: (847) 824-3864

or at such other address as the Company shall have furnished in writing to all holders of the Notes at the time outstanding, and

(ii) If to any of the holders of the Notes.

(A) If such holders are the Purchasers, at their respective addresses set forth on Annex 1, and further including any parties referred to on Annex 1 that are required to receive notices in addition to such holders of the Notes, and

(B) If such holders are not the Purchasers, at their respective addresses set forth in the register for the registration and transfer of Notes maintained pursuant to Section 6.13,

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section 10.1 to the Company (which other address shall be entered in such register).

(b) When Given. Any communication so addressed and deposited in the United States mail, postage prepaid, by registered or certified mail (in each case, with return receipt requested) shall be deemed to be received on the third (3rd) succeeding Business Day after the day of such deposit (not including the date of such deposit). Any communication so addressed and otherwise delivered shall be deemed to be received when actually received at the address of the addressee.

(c) Certificates, etc. Whenever under this Agreement any certificate or other writing is given by any director, officer or employee of the Company or any Subsidiary, such certificate of other writing shall be delivered by such director, officer or employee on behalf of the Company or such Subsidiary in his or her capacity as such director, officer or employee, and not in his or her individual capacity.

10.2. Reproduction of Documents.

This Agreement and all documents relating hereto, including, without limitation,

(a) consents, waivers and modifications that may hereafter be executed,

(b) documents received by you at the closing of your purchase of the Notes (except the Notes themselves), and

(c) financial statements, certificates and other information previously or hereafter furnished to you or any other holder of Notes,

may be reproduced by any holder of Notes by any photographic, photostatic, microfilm, microcard, miniature photographic, digital or other similar process and each holder of Notes may destroy any original document so reproduced. The Company agrees and stipulates that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such holder of Notes in the regular course of business)

and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. Nothing in this Section 10.2 shall prohibit the Company or any holder of Notes from contesting the validity or the accuracy of any such reproduction.

10.3. Survival.

All warranties, representations, certifications and covenants made by the Company herein or in any certificate or other instrument delivered by it or on its behalf hereunder shall be considered to have been relied upon by you and shall survive the delivery to you of the Notes regardless of any investigation made by you or on your behalf. All statements in any such certificate or other instrument shall constitute warranties and representations by the Company hereunder.

10.4. Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto. The provisions hereof are intended to be for the benefit of all holders, from time to time, of Notes, and shall be enforceable by any such holder, whether or not an express assignment to such holder of rights hereunder shall have been made by you or your successor or assign.

10.5. Amendment and Waiver.

(a) Requirements. This Agreement may be amended, and the observance of any term hereof may be waived, with (and only with) the written consent of the Company and the Required Holders; provided that no such amendment or waiver of any of the provisions of Section 1 through Section 4, inclusive, or any defined term used therein, shall be effective as to any holder of Notes unless consented to by such holder in writing; and provided further that no such amendment or waiver shall, without the written consent of the holders of all Notes (exclusive of Notes held by the Company, any Subsidiary or any Affiliate) at the time outstanding,

(i) subject to Section 8, change the amount or time of any prepayment or payment of principal or Make-Whole Amount or the rate or time of payment of interest,

(ii) amend Section 8,

(iii) amend the definition of Required Holders, or

(iv) amend this Section 10.5.

(b) Solicitation of Noteholders.

(i) Solicitation. The Company shall not solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions hereof or the Notes unless each holder of the Notes (irrespective of the amount of Notes then owned by it) shall be provided by the Company with sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Section 10.5 shall be delivered by the Company to each holder of outstanding Notes immediately following the date on which the same shall have been executed and delivered by all holders of outstanding Notes required to consent or agree to such waiver or consent.

(ii) Payment. The Company shall not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to the holders of all Notes then outstanding.

(iii) Scope of Consent. Any consent made pursuant to this Section 10.5 by a holder of Notes that has transferred or has agreed to transfer its Notes to the Company, any Subsidiary or any Affiliate and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force and effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force and effect, retroactive to the date such amendment or waiver initially took or takes effect, except solely as to such holder.

(c) Binding Effect. Except as provided in Section 10.5(b)(iii), any amendment or waiver consented to as provided in this Section 10.5 shall apply equally to all holders of Notes and shall be binding upon them and upon each future holder of any Note and upon the Company whether or not such Note shall have been marked to indicate

such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon.

(d) Expenses. The Company shall pay when billed the reasonable expenses relating to the consideration, negotiation, preparation or execution of any amendments, waivers or consents pursuant to the provisions hereof (except that the Company shall not be required to pay the allocated cost of your counsel who are your employees or your affiliates' employees), whether or not any such amendments, waivers or consents are executed.

10.6. Payments on Notes.

(a) Manner of Payment. The Company shall pay all amounts payable with respect to each Note (without any presentment of such Notes and without any notation of such payment being made thereon) by crediting, by federal funds bank wire transfer, the account of the holder thereof in any bank in the United States of America as may be designated in writing by such holder, or in such other manner as may be reasonably directed or to such other address in the United States of America as may be reasonably designated in writing by such holder. Annex 1 shall be deemed to constitute notice, direction or designation (as appropriate) to the Company with respect to payments as aforesaid. In the absence of such written direction, all amounts payable with respect to each Note shall be paid by check mailed and addressed to the registered holder of such Note at the address shown in the register maintained by the Company pursuant to Section 5.1.

(b) Payments Due on Holidays. If any payment due on, or with respect to, any Notes shall fall due on a day other than a Business Day, then such payment shall be made on the first (1st) Business Day following the day on which such payment shall have so fallen due, provided that if all or any portion of such payment shall consist of a payment of interest, for purposes of calculating such interest, such payment shall be deemed to have been originally due on such first (1st) following Business Day, such interest shall accrue and be payable to (but not including) the actual date of payment and the amount of the next succeeding interest payment shall be adjusted accordingly.

(c) Payments, When Received. Any payment to be made to the holders of Notes hereunder or under the Notes shall be deemed to have been made on the Business Day such payment actually becomes available to such holder at such holder's bank prior to 11:00 a.m. (local time of such bank).

10.7. Entire Agreement; Severability.

This Agreement constitutes the final written expression of all of the terms hereof and is a complete and exclusive statement of those terms. In case any one or more of the provisions contained in this Agreement or in any Note, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein, and any other application thereof, shall not in any way be affected or impaired thereby.

10.8. Duplicate Originals, Execution in Counterpart.

Two (2) or more duplicate originals hereof may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument. This Agreement may be executed in one or more counterparts and shall be effective when at least one counterpart shall have been executed by each party hereto, and each set of counterparts that, collectively, show execution by each party hereto shall constitute one duplicate original.

[Remainder of page intentionally blank; next page is signature page.]

If this Agreement is satisfactory to you, please so indicate by signing the acceptance at the foot of a counterpart hereof and returning such counterpart to the Company, whereupon this Agreement shall become binding between us in accordance with its terms.

Very truly yours,

LITTELFUSE, INC.

By: _____
Name: _____
Title: _____

The foregoing is agreed to as of the date hereof.

PRINCIPAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

NATIONWIDE LIFE INSURANCE COMPANY

By: _____
Name:
Title:

AMERICAN FAMILY LIFE INSURANCE COMPANY

By: _____
Name:
Title:

TMG LIFE INSURANCE COMPANY

By: _____
Name:
Title:

By: _____
Name:
Title:

BENEFICIAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

ANNEX 1

ANNEX 1

INFORMATION AS TO PURCHASERS

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
PRINCIPAL LIFE INSURANCE COMPANY 711 High Street Des Moines, IA 50392-0800 Attention: Investment Department - Securities Division Ref: Bond No. 61760	$26,900,000 (general account note) $1,500,000 (general account note) $4,600,000 (separate account note)

All notices with respect to the Notes, except with respect to payment, should be sent to the address above.

All notices with respect to payments on the Notes should be sent to:

Principal Life Insurance Company
711 High Street
Des Moines, IA 50392-0960
Attention: Investment Accounting - Securities
[Telefacsimile: (515) 248-2643
Confirmation: (515) 247-0689]
Ref: Bond No. 61760

All payments with respect to the two general account Notes are to be made by a wire transfer of immediately available funds to:

Norwest Bank Iowa, N.A.
7th & Walnut Streets
Des Moines, IA 50309
ABA No.: 073 000 228

For credit to Principal Life Insurance Company,
Account No.014752, Reference:
OBI PFGSE(S)B0061760()
Tax Identification Number: 42-0127290

All payments with respect to the separate account Note are to be made by a wire transfer of immediately available funds to:

Norwest Bank Iowa, N.A.
7th & Walnut Streets
Des Moines, IA 50309
ABA No.: 073 000 228

For credit to Principal Life Insurance Company,
Separate Account No.032395, Reference:
OBI PFGSE(S)B0061760()
Tax Identification Number: 42-0127290

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
NATIONWIDE LIFE INSURANCE COMPANY One Nationwide Plaza Columbus, Ohio 43215-2220	$13,000,000

Send notices and communications to:

Nationwide Life Insurance Company
One Nationwide Plaza (1-33-07)
Columbus, Ohio 43215-2220
Attention: Corporate Fixed-Income Securities

Wiring Instructions:

The Bank of New York
ABA #021-000-018
BNF: IOC566
F/A/O Nationwide Life Insurance Company
Attn: P & I Department
PPN# 537008 B * 4
Security Description: Littelfuse, Inc.
6.16% Senior Notes due
September 1, 2005

All notices of payment on or in respect to the security should be sent to:

Nationwide Life Insurance Company
c/o The Bank of New York
PO Box 19266
Attn: P & I Department
Newark, NJ 07195

With a copy to:

Nationwide Life Insurance Company
Attn: Investment Accounting
One Nationwide Plaza (1-32-05)
Columbus, Ohio 43215-2220

The original note should be registered in the name of Nationwide Life Insurance Company and delivered to:

The Bank of New York
One Wall Street
3rd Floor - Window A
New York, NY 10286
F/A/O Nationwide Life Insurance Co. Acct. #267829

Tax ID #31-4156830

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
AMERICAN FAMILY LIFE INSURANCE COMPANY 600 American Parkway Madison, WI 53783-0001 Attn: Investment Division - Private Placements	$6,000,000

Number of Notes/Denominations:

$6,000,000

Payments:

All Payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds. Each such wire transfer shall set forth the name of the Company, the full title (including the coupon rate and final maturity date) of the Notes, and the due date and application among principal and interest of the payment being made. Payment shall be made to:

Firstar Bank Milwaukee, N.A.
Account of Firstar Trust Company
ABA #075000022
For Credit To Account #112-950-027
Trust Account #000018012500 for Life Portfolio
Attn: Accounting Department

Notices:

All notices and communications, including notices with respect to payments and written confirmation of such payment as well as quarterly and annual financial statements, be addressed as first provided above.

Nominee Name in which Notes are to be registered:

BAND & Co.

Delivery of Notes:

Send special delivery by overnight carrier to:

Firstar Bank of Madison
1 South Pinckney Street
Madison, WI 53703
Attn: Business Custody

In addition, a specimen copy of each Note should be sent to American Family Life Insurance Company as
addressed above.

Tax ID #39-6040365

Name and Address of Purchaser	Principal Amount of Notes to be Purchased

TMG LIFE INSURANCE COMPANY $5,000,000 c/o The Mutual Group (U.S.), Inc.
401 North Executive Drive, Suite 300
Brookfield, WI 53008-0503
Attention: Connie Keller
Phone: (414) 641-4022
Facsimile: (414) 641-4055

All payments on account of the Notes shall be made by wire or intrabank transfer of immediately available funds to:

Norwest Bank Minnesota, N.A.
ABA# 091000019
BNF: A/C: 0840245
BNF: Trust Clearing Account
REF: ATTN: Income Collections
TRUST ACCOUNT: 13075700
Littelfuse, Inc. PPN: 537008 B * 4

All notices in respect of payment shall be delivered to:

TMG Life Insurance Company
c/o The Mutual Group (U.S.), Inc.
Attn: Tamie Greenwood
401 North Executive Drive, Suite 300
Brookfield, WI 53008-0503
Telephone: (414) 641-4027
Facsimile: (414) 641-4055

All other communications shall be delivered to:

TMG Life Insurance Company
c/o The Mutual Group (U.S.), Inc.
401 North Executive Drive, Suite 300
Brookfield, WI 53008-0503
Telephone: (414) 641-4027
Facsimile: (414) 641-4055

Name of Nominee in which Notes are to be issued: TMG Life Insurance Company

Taxpayer I.D. Number: #45-0208990

Please Note:TMG Life Insurance Company requires TWO signatures on all signature pages.

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
BENEFICIAL LIFE INSURANCE COMPANY	$3,000,000

INSTITUTION OR INSTITUTIONAL ADVISOR	ACCOUNT SET UP INFORMATION
Address	Beneficial Life Insurance Co/BLIC Attn: Ken Steiner 36 S. State Salt Lake City, UT 84316
Investment Advisor/Phone	Bruce Cundick (801) 933-1279 Sterling Russell (801) 933-1239 Mark Siddoway (801) 933-1238
Investment Advisor Operations Officer/Phone	Ken Steiner (801) 933-1291 Susan Denton (801) 933-1279
Investment Advisor Fax Copies Phone	Kathy Grange (801) 531-3315

SETTLEMENT INSTRUCTIONS

1. Delivery instructions for Depository Eligible Securities settling in Next Day Funds	Settle at Depository Trust Company of New York (DTC-NY) (See Security Trade Coding below for details)
2. Delivery Instructions for Depository Eligible Securities settling in Same Day Funds	Same as #1 above
3. Delivery Instructions for Securities settling thru Fed Book Entry System.	Zions First National Bank - Salt Lake City Fed Wire #1240-0005-4 Zions SLC/CUST For the Account of Deseret Trust Co. (801) 524-4640
4. Delivery Instructions for Securities settling at Participants Trust Company (PTC)	Deliver to PTC for ZDES Confirm with Deseret Trust Co. - Annette/Irene (801) 363-2992
5. Delivery Instructions for Securities not Eligible for United Missouri Trust Company of New York Settlement at Depository Trust Company, New York or One Battery Park Plaza, 8th Floor thru Fed Book Entry System	New York, NY 10004 (212) 968-1990 for the account of Zions First National Bank Account #69-0180-00-5
Contact at Deseret Trust Company for Security Settlements	Annette Rohovit, Irene Hester, Vicki Rows
Deseret Trust Company's Fax Copies Phone #	(801) 363-2995

INSTITUTION(S) FOR WHICH INVESTMENT ADVISORS ACT(S)
SECURITY TRADE CODING INFORMATION FOR BROKERS

Institution Name	Deseret Trust Company
Investment Advisor Institution ID #	25782
Agent Bank Name	Deseret Trust Company
Agent Bank ID#	25782
Agent Bank's DTC Participant Clearing #	0958
Agent Bank Internal # for Account	245501028 BLIC -General to be give by Trader to Broker 245500202 BLIC - Gen. EQ 245500210 BLIC - Val EQ 245501010 BLIC - Pledged 245501044 BLIC - Tot Ret Fixed

BROKER ACCOUNT STATEMENTS - ----------	Deseret Trust Company (copy 1) c/o Harvey S. Glade	Beneficial Life Insurance Co. (copy 2) c/o Ken Steiner

P.O. Box 11558
SLC, UT 84147

36 S. State St.
Salt Lake City, UT 84136

TAX ID # FOR INSTITUTIONS FOR WHICH ADVISORS ACT(S) 87-0115120

ANNEX 1
ANNEX 2
ANNEX 2

PAYMENT INSTRUCTIONS AT CLOSING

Wire transfer instructions for purchasers of Littelfuse, Inc. Senior Notes:

Bank:	First National Bank of Chicago One First National Plaza Chicago, IL 60670-0685
ABA#:	071000013
Account Name:	Littelfuse, Inc.
Account #:	52-64626
Littelfuse, Inc. Contact:	Linda Bartuch (847) 391-0362

ANNEX 3

INFORMATION AS TO COMPANY

EXHIBIT B-2

EXHIBIT A

[FORM OF NOTE]

LITTELFUSE, INC.

6.16% Senior Note due September 1, 2005

No. R-___

$_____ [Date]

PPN:

LITTELFUSE, INC., a Delaware corporation (the "Company"), for value received, hereby promises to pay to _____ or registered assigns the principal sum of _____ DOLLARS ($_____) on September 1, 2005 and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of this Note at the rate of six and sixteen one-hundredths percent (6.16%) per annum, quarterly on the first day of each March, June, September and December in each year, commencing on December 1, 1998, until the principal amount hereof shall become due and payable; and to pay on demand interest on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of (a) the highest rate allowed by applicable law and (b) eight and sixteen one-hundredths percent (8.16%) per annum.

Payments of principal, Make-Whole Amount, if any, and interest shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts to the registered holder hereof at the address shown in the register maintained by the Company for such purpose, in the manner provided in the Note Purchase Agreement (defined below).

This Note is one of an issue of Notes of the Company issued in an aggregate principal amount limited to Sixty Million Dollars ($60,000,000) pursuant to the Company's Note Purchase Agreement, dated as of September 1, 1998, (the "Note Purchase Agreement"), with the purchasers listed on Annex 1 thereto. This Note is entitled to the benefits of the Note Purchase Agreement and the terms thereof are incorporated herein by reference. Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Note Purchase Agreement. As provided in the Note Purchase Agreement, this Note is subject to prepayment, in whole or in part, in certain cases without a Make-Whole Amount and in other cases with a Make-Whole Amount. The Company agrees to make required prepayments on account of such Notes in accordance with the provisions of the Note Purchase Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Company as specified in the Note Purchase Agreement, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing.

Under certain circumstances, as specified in the Note Purchase Agreement, the principal of this Note (in certain cases together with any applicable Make-Whole Amount) may be declared due and payable in the manner and with the effect provided in the Note Purchase Agreement.

THIS NOTE AND THE NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, INTERNAL ILLINOIS LAW.

LITTELFUSE, INC.

By _____

Name:

Title:

EXHIBIT B-2

FORM OF PURCHASERS' SPECIAL COUNSEL CLOSING OPINION

September 1, 1998

To Each of the Purchasers
Listed on Schedule I hereto

Ladies and Gentlemen:

We have acted as your special counsel in connection with the execution and delivery of the Agreement (as hereinafter defined) and your purchase on the date hereof of $60,000,000 aggregate principal amount of 6.16% Senior Notes due September 1, 2005 (the "Notes") of Littelfuse, Inc., a corporation organized under the laws of Delaware (the "Company"), pursuant to a Note Purchase Agreement, dated as of September 1, 1998, entered into by the Company and you (the "Agreement").

This opinion is being delivered to you pursuant to Section 3.1(b) of the Agreement. Capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the Agreement.

We have examined such certificates of public officials and officers of the Company, documents, corporate records, statutes, rules and regulations, and we have considered such other questions of law as we have deemed necessary or appropriate for purposes of this opinion. As to facts material to our opinion, we have relied, without independent verification, upon the representations of the Company contained in the Agreement and information contained in the Company's certificates delivered in connection with the execution and delivery of the Agreement and the issuance of the Notes. We have assumed the genuineness and completeness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to originals of all documents submitted to us as copies.

Based on the foregoing, and subject to the qualifications set forth herein and the last paragraphs hereof, we are of the opinion that:

1. The Company is a corporation validly existing in good standing under the General Corporation Law of the State of Delaware, with the corporate power to enter into and perform the Agreement and to issue and sell the Notes.

2. The Agreement has been duly authorized by proper corporate action on the part of the Company, has been duly executed and delivered by an authorized officer of the Company and constitutes the legal, valid and binding agreement of the Company, enforceable in accordance with its terms, except to the extent that enforcement of the Agreement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application relating to or affecting the enforcement of the rights of creditors or by equitable principles, regardless of whether enforcement is sought in a proceeding in equity or at law.

3. The Notes have been duly authorized by proper corporate action on the part of the Company, have been duly executed and delivered by an authorized officer of the Company and constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, except to the extent that enforcement of the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application relating to or affecting the enforcement of the rights of creditors or by equitable principles, regardless of whether enforcement is sought in a proceeding in equity or at law.

4. Based upon the representations set forth in the Agreement, the offering, sale and delivery of the Notes do not require the registration of the Notes under the Securities Act of 1933, as amended, nor the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

5. The compliance with the terms and provisions of the Agreement will not conflict with or result in any breach of any of the provisions of the Certificate of Incorporation or By-Laws of the Company.

The opinion of Chapman and Cutler, special counsel to the Company, dated the date hereof and delivered to you pursuant to Section 3.1(a) of the Agreement, is satisfactory in form and scope to us.

We are admitted to practice in the State of Illinois and express no opinion with respect to, or as to the effect or applicability of, any laws other than the laws of the State of Illinois, the General Corporation Law of the State

of Delaware and the federal laws of the United States.

This opinion is rendered as of the date hereof. We assume no responsibility for updating this opinion to take into account any event, action, interpretation or change of law occurring subsequent to the date hereof that may affect the validity of any of the opinions expressed herein.

This opinion is delivered to you solely for your benefit and may not be furnished to, quoted or relied upon by any other person other than subsequent purchasers or transferees of the Notes; provided, however that this opinion may be disclosed (i) to your agents and employees, (ii) in connection with the enforcement of obligations of the Company under the Notes and the Agreement, (iii) in response to a subpoena or other legal process, (iv) as otherwise required by applicable law or regulations; or (v) in connection with the sale or transfer of the Notes.

Very truly yours,

SCHEDULE I

Principal Life Insurance Company
Nationwide Life Insurance Company
American Family Life Insurance Company
TMG Life Insurance Company
Beneficial Life Insurance Company

Revised 2/5/99

EXHIBIT 10.8

LITTELFUSE DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

ARTICLE I

PURPOSE OF THE PLAN

The purpose of the Littelfuse Deferred Compensation Plan for Non-employee Directors (the "Plan") is to promote the ownership by non-employee directors of Littelfuse, Inc., a Delaware corporation (the "Company"), of shares of common stock, $.01 par value, of the Company (the "Company Common Stock"), by allowing them to elect to receive shares of the Company Common Stock in lieu of their receiving some or all of the cash compensation which they would otherwise be entitled to receive as payment for their services as directors of the Company. The Company believes that ownership of the Company Common Stock by its non-employee directors aligns the interests of such non-employee directors more closely with the interests of the stockholders of the Company and that the Plan will also assist the Company in attracting and retaining highly qualified persons to serve as non-employee directors of the Company.

ARTICLE II

ELECTIONS BY ELIGIBLE DIRECTORS

ARTICLE II

ELECTIONS BY ELIGIBLE DIRECTORS

Section 2.1. Eligibility. Any person who is serving as a director of the Company and who is not an employee of the Company or any of its subsidiaries shall be eligible to participate under the Plan (hereinafter referred to individually as an "Eligible Director" and collectively as the "Eligible Directors").

Section 2.2. Compensation. As used herein, the term "Compensation" shall mean any and all fees and retainers payable in cash to an Eligible Director by the Company for his or her services as a director, including, without limitation, his or her annual retainer and meeting fees. A Director shall be deemed to have earned one-fourth of his or her annual retainer fee on the date of each of the four regularly scheduled Board of Directors meetings, whether or not he or she attends such meeting.

Section 2.3. Compensation Deferral for 1995. Not later than June 30, 1995, an Eligible Director may, by filing a written election with the Secretary of the Company, direct the Company (a) to defer some or all of his or her Compensation for 1995 which has not theretofore been earned by such Eligible Director in such amount or percentage as specified by such Eligible Director and (b) to credit the amount of such deferral to an account maintained on the books of the Company for such Eligible Director (the "Deferred Compensation Account"), such credit to be made as of the date that such Compensation is deemed to have been earned by such Eligible Director.

Section 2.4. Compensation Deferral for 1996. Not later than June 30, 1995, an Eligible Director may, by filing a written election with the Secretary of the Company, direct the Company (a) to defer some or all of his or her Compensation for 1996 in such amount or percentage as specified by such Eligible Director and (b) to credit the amount of such deferral to such Eligible Director's Deferred Compensation Account, such credit to be made as of the date that such Compensation is deemed to have been earned by such Eligible Director.

Section 2.5. Compensation Deferral for 1997 and Later Years. An Eligible Director may, by filing a written election with the Secretary of the Company from time to time, direct the Company (a) to defer some or all of his or her Compensation which is payable to him or her on or after January 1, 1997, in such amount or percentage as specified by such Eligible Director and (b) to credit the amount of such deferral to such Eligible Director's Deferred Compensation Account, such credit to be made as of the date that such Compensation is deemed to have been earned by such Eligible Director.

Section 2.6. Interest. The Company shall credit the Deferred Compensation Account for each Eligible Director with interest at the rate of eight percent (8%) per annum on the balance of the Deferred Compensation Account from time to time, such credit to be made on a monthly basis.

Section 2.7. Elections. Once an election by an Eligible Director to defer some or all of his or her Compensation becomes effective pursuant to this Article, such election shall remain in effect until written notice terminating or amending said election is delivered by said Eligible Director to the Secretary of the Company.

Section 2.8. Maximum Number of Shares. The maximum number of shares of Company Common Stock which may be issued pursuant to the Plan shall be 60,000 shares.

ARTICLE III

ESTABLISHMENT OF AND CONTRIBUTIONS TO TRUST

Section 3.1. Establishment of Trust. The Company shall establish a trust (the "Trust") with an independent third party trustee approved by the Board of Directors of the Company (the "Trustee") pursuant to a trust agreement approved by the Board of Directors of the Company (the "Trust Agreement") for the purpose of holding shares of the Company Common Stock for the benefit of the Eligible Directors.

Section 3.2. Establishment of Trust Accounts. The Trustee shall establish a separate account under the Trust (a "Trust Account" and, collectively with all other Trust Accounts, the "Trust Fund") for any Eligible Director who elects to defer Compensation pursuant to the Plan.

Section 3.3. Contribution of Shares to Trust Accounts. On the second business day after the 185th day after an Eligible Director delivers to the Secretary of the Company his or her election to defer some or all of his or her Compensation for 1995, and, commencing January 1, 1996, on the second business day after each date on which the balance of an Eligible Director's Deferred Compensation Account equals or exceeds Eight Hundred Dollars ($800.00), the Company shall issue in the name of the Trustee and deliver to the Trustee stock certificates representing that number of shares of Company Common Stock which is equal to the balance of the Eligible Director's Deferred Compensation Account on the Valuation Date divided by the Current Market Price; provided, however, that no fractional shares shall be issued. The Company shall reduce such Eligible Director's Deferred Compensation Account by the amount thereof which was used to purchase said shares of Company Common Stock and the Trustee shall credit the Trust Account of such Eligible Director with such number of shares of Company Common Stock. As used herein, the term "Valuation Date" with respect to each such issuance of shares shall mean the date the Company issues said shares and the term "Current Market Price" with respect to each such issuance of shares shall have the same meaning that such term has in that certain Warrant Agreement dated as of December 20, 1991, by and between the Company and LaSalle National Trust, N.A. as Warrant Agent (the "Warrant Agreement"). For purposes of determining the Current Market Price, the five (5) consecutive Trading Days (as such term is defined in the Warrant Agreement) required to be selected by the Company shall be the five (5) consecutive Trading Days which end on the day preceding the day upon which the Company issues said shares.

Section 3.4. Dividends and Distributions. All dividends payable in cash with respect to any shares of Company Common Stock held in the Trust for the benefit of an Eligible Director which are received by the Trustee shall be reinvested by the Trustee in shares of Company Common Stock, either pursuant to purchases from the Company or from third parties, credited to the Trust Account of such Eligible Director and held by the Trustee for the benefit of such Eligible Director and distributed to such Eligible Director pursuant to Article IV hereof. All non-cash dividends or other distributions with respect to any shares of Company Common Stock held in the Trust for the benefit of an Eligible Director which are received by the Trustee, or any shares of stock or other securities of another entity into which such shares of Company Common Stock shall be converted or exchanged pursuant to a merger, consolidation, exchange offer or other transaction which are received by the Trustee, shall be credited to such Eligible Director's Trust Account and held by the Trustee for the benefit of such Eligible Director and distributed to such Eligible Director pursuant to Article IV hereof.

Section 3.5. Voting of Shares. All shares of Company Common Stock or other voting securities credited to an Eligible Director's Trust Account shall be voted by and in the discretion of the Trustee.

Section 3.6. Trustee's Fees. All fees and expenses of the Trustee under the Trust Agreement shall be paid by the Company.

Section 3.7. Vesting. Except as otherwise provided in Article V hereof, the interests of the Eligible Directors in their respective Deferred Compensation Accounts and Trust Accounts shall at all times be fully vested and non-forfeitable.

ARTICLE IV

DISTRIBUTION OF ACCOUNTS

Section 4.1. Time of Distributions. Distributions of any amounts or assets credited to an Eligible Director's Deferred Compensation Account and Trust Account shall commence or be made in the manner described in Section 4.2 hereof within ten (10) days after the earlier of: (i) the date of the Eligible Director' termination of service as a director of the Company on account of resignation, removal, replacement, retirement, death or otherwise; or (ii) the date the Board of Directors of the Company determines that it is in the best interests of the Company or such Eligible Director that such distribution shall be made; provided, however, that such Eligible Director must abstain from voting on or with respect to, and may not otherwise participate in, any such determination.

Section 4.2. Method of Distribution. At the time of an Eligible

Director's initial election described in Article II, the Eligible Director making such election shall specify in a written notice delivered to the Secretary of the Company whether the amounts and assets credited to his or her Deferred Compensation Account and Trust Account shall be distributed to him or her (or his or her beneficiary) in a single lump sum distribution at the time described in Section 4.1, or in not more than ten equal annual installments commencing at such time. If an Eligible Director shall fail to make such an election, he or she shall be deemed to have elected a lump sum distribution. The Eligible Director may change such distribution election from time to time by delivering written notice to the Secretary of the Company. Any amounts or assets credited to an Eligible Director's Deferred Compensation Account and Trust Account shall be distributed or commence to be distributed to such Eligible Director or his or her beneficiary at the time described in Section 4.1 in the manner so specified. If the Company is not Insolvent (as hereinafter defined) at the time of any distribution, the distributions shall be made from the Eligible Director's Deferred Compensation Account and Trust Account (as applicable) and charged to the Eligible Director's Deferred Compensation Account and Trust Account (as applicable).

Section 4.3. Designation of Beneficiary. Each Eligible Director participating in the Plan shall designate a beneficiary or beneficiaries to whom distributions shall be made pursuant to Section 4.2 in the event of the death of the Director before his or her entire Deferred Compensation Account and Trust Account is distributed. If there is no designated beneficiary, or no designated beneficiary surviving at an Eligible Director's death, the Eligible Director's beneficiary shall be his or her estate. Beneficiary designations shall be made in writing. An Eligible Director may designate a new beneficiary or beneficiaries at any time by filing a new election with the Secretary of the Company.

Section 4.4. Taxes. In the event any taxes are required by law to be withheld or paid from any distributions made pursuant to the Plan, the Company or Trustee (as applicable) shall deduct the amount of such taxes from such distributions and shall transmit the withheld amounts to the appropriate taxing authority or obtain payment from the appropriate Eligible Director of the amount of any such taxes prior to any such distributions.

ARTICLE V

CREDITORS AND INSOLVENCY

Section 5.1. Claims of the Company's Creditors. All balances in the Deferred Compensation Accounts and assets held in the Trust Accounts pursuant to the Plan, and any issuances of shares of Company Common Stock to be made by the Company and any distribution to be made by the Trustee pursuant to the Plan and Trust Agreement, shall be subject to the claims of the general creditors of the Company, including judgment creditors and bankruptcy creditors. The rights of an Eligible Director or his or her beneficiaries to any assets of the Company or the Trust Fund shall be no greater than the rights of an unsecured creditor of the Company.

Section 5.2. Notification of Insolvency. In the event the Company becomes Insolvent, the Board of Directors of the Company or the President of the Company shall promptly notify the Trustee of that fact. In the event the Company becomes Insolvent, the Company shall not issue any further shares of Company Common Stock under the Plan. The Trustee shall not make any further distributions from the Trust Fund to any Eligible Director or any beneficiary under the Plan after such notification that the Company is Insolvent is received or at any time after the Trustee has knowledge that the Company is Insolvent. Under any such circumstance, the Trustee shall deliver any property held in the Trust Fund only as a court of competent jurisdiction may direct to satisfy the claims of the Company's creditors or otherwise. For purposes of this Plan, the Company shall be deemed to be "Insolvent" if the Company is subject to a pending voluntary or involuntary proceeding as a debtor under the United States Bankruptcy Code, as amended, or is unable to pay its debts as they become due.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Funding. Neither any Eligible Director, nor his or her beneficiaries, nor his or her heirs, successors or assigns, shall have any secured interest in or claim on any property or assets of the Company or the Trust under or pursuant to the Plan or otherwise. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to credit certain amounts to the Deferred Compensation Accounts and to issue and deliver shares of the Company Common Stock to the Trustee for the benefit of the Eligible Directors. The Company shall fund the Trust in accordance with the terms of the Plan, but all assets contained therein shall be and remain subject to the claims of the Company's general creditors as provided in Article V hereof.

Section 6.2. Term of Plan. The Board of Directors of the Company reserves the right to amend the Plan or Trust Agreement or terminate the Plan or Trust at any time; provided, however, that no amendment or termination shall affect the rights of Eligible Directors to amounts or assets previously credited to their Deferred Compensation Accounts or Trust Accounts and, provided further, that the Plan may not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code of 1986, as amended, or the Employee Retirement Income Security Act, as amended, or the rules thereunder, if such amendment would cause the Plan not to be in compliance with Rule 16b-3 under the Securities Exchange Act of 1934. Notwithstanding the foregoing, the

Trust shall remain in effect until such time as the entire corpus of the Trust Fund has been distributed pursuant to the terms of the Trust Agreement, and the Plan shall remain in effect until such time as all amounts credited to Eligible Directors' Deferred Compensation Accounts are distributed pursuant to Article IV hereof.

Section 6.3. Assignment. No right or interest of any Eligible Director or his or her beneficiary (or any person claiming through or under such Eligible Director or his or her beneficiary) in any benefit or payment under the Plan or the Trust shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of such Eligible Director.

Section 6.4. Tax Effect. This Plan is intended to be treated as an unfunded deferred compensation plan under the Internal Revenue Code of 1986, as amended. It is the intention of the Company that the amounts of Compensation which an Eligible Director elects to have deferred pursuant to the Plan shall not be included in the gross income of such Eligible Director or his or her beneficiaries until such time as the amounts or assets credited to such Eligible Director's Deferred Compensation Account and Trust Account are distributed to the Eligible Director or his or her beneficiary under the Plan. If at any time it is determined by the Company that amounts attributable to the Eligible Directors' Deferred Compensation Accounts or Trust Accounts are includible in the gross income of the Eligible Directors or their beneficiaries before distribution pursuant to Article IV hereof, all amounts and assets credited to the Eligible Directors' Deferred Compensation Accounts and Trust Accounts shall be immediately distributed to the respective Eligible Directors or, in the case of deceased Eligible Directors, their beneficiaries. Distributions described in the preceding sentence shall only be made from the Deferred Compensation Accounts or from the Trust if the Company is not Insolvent at the time for such distribution.

Section 6.5. Compliance with Rule 16b-3. It is the intent of the Company that the Plan comply in all respects with applicable provisions of Rule 16b-3 under the Securities Exchange Act of 1934. Accordingly, if any provision of the Plan does not comply with the requirements of said Rule 16b-3 as then applicable to any such Eligible Director, or would cause any Eligible Director to no longer be deemed a "disinterested person" within the meaning of said Rule 16b-3, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements with respect to such Eligible Director. In addition, the Board of Directors of the Company shall have no authority to make any amendment, alteration, suspension, discontinuation or termination of the Plan or take other action if and to the extent such authority would cause an Eligible Director's transactions under the Plan not to be exempt or any Eligible Director no longer to be deemed a "disinterested person," under said Rule 16b-3.

Section 6.6. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 6.7. Successors. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns.

Section 6.8. Effective Date of Plan. The Plan shall be effective as of March 17, 1995, subject to approval by the stockholders of the Company. Any Compensation deferral elections, credits to Deferred Compensation Accounts or contributions to the Trust made prior to such stockholder approval shall be contingent on such approval, and if such approval is not obtained prior to June 1, 1995, all Compensation deferral elections shall be deemed to be cancelled and all amounts or assets credited to the Deferred Compensation Accounts and the Trust Accounts shall be distributed to the Eligible Directors or their beneficiaries. Distributions described in the preceding sentence shall only be made if the Company is not Insolvent at the time for such distribution.

Section 6.9. No Right to Continued Service. Nothing contained herein shall be construed to confer upon any Eligible Director the right to continue to serve as a Director of the Company or in any other capacity.

Exhibit 10.13

CHANGE OF CONTROL
EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 4th day of January, 1999, by and between LITTELFUSE, INC., a Delaware corporation (hereinafter referred to as the "Company"), and PHILIP G. FRANKLIN (hereinafter referred to as the "Executive");

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company (hereinafter referred to as the "Board") has determined that it is in the best interests of the Company and its stockholders to provide the Executive with certain protections against the uncertainties usually created by a Change of Control (as such term is hereinafter defined); and

WHEREAS, the Board believes that the protections provided to the Executive in connection with a Change of Control will better enable the Executive to devote his full time, attention and energy to the business of the Company prior to and after a Change of Control, thereby benefitting the Company and its stockholders;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the Company and the Executive hereby agree as follows:

Section 1. Certain Definitions. (a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b) hereof) on which a Change of Control (as defined in Section 2 hereof) occurs. Notwithstanding anything to the contrary contained in this Agreement, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the direct or indirect request of a third party who theretofore had taken any steps intended to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on September 1, 2001.

Section 2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition in one or more transactions by any individual, entity or group (hereinafter referred to collectively as a "Person") within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Exchange Act"), of beneficial ownership (within the meaning of, and calculated in accordance with, Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (hereinafter referred to as the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (hereinafter referred to as the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2 or (v) any acquisition by Oaktree Capital Management, LLC, a California limited liability company, or any of its Affiliates or Associates (as used herein, the terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act); or

(b) Individuals who, as of the date hereof, constitute the Board (hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (hereinafter referred to as a "Business Combination")

unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company within one year after a Business Combination.

Section 3. Employment Period. The Company hereby agrees to continue to employ the Executive, and the Executive hereby agrees to remain as an employee of the Company, subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

Section 4. Terms of Employment.

(a) Position and Duties. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 20 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. (i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary (hereinafter referred to as the "Annual Base Salary"), which shall be paid at a monthly rate, equal to at least twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as used in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to the Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (hereinafter referred to as the "Annual Bonus") in cash at least equal to the Executive's highest bonus under the Company's incentive bonus program or any comparable bonus under any predecessor or successor plan, for the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year) (hereinafter referred to as the "Recent Annual Bonus"). Each such

Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

Section 5. Termination of Employment.

(a) Disability. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give written notice to the Executive of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after delivery of such notice to the Executive (the "Disability Effective Date"), provided that, within the 30 days after such delivery, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to

perform substantially the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties and such failure is not cured within sixty (60) calendar days after receipt of such written demand; or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, any act or failure to act on the part of the Executive in violation or contravention of any order, resolution or directive of the Board of Directors of the Company shall be considered "willful" unless such order, resolution or directive is illegal or in violation of the certificate of incorporation or by-laws of the Company; provided, however, that no other act or failure to act on the part of the Executive, shall be considered "willful," unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) the Executive is not elected to, or is removed from, any elected office of the Company which the Executive held immediately prior to the Effective Date;

(ii) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position, authority, duties or responsibilities as contemplated by Section 4(a) hereof, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) any failure by the Company to comply with any of the provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iv) the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date; or

(v) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of delivery of such notice, specifies the termination date (which date shall be not more than 30 days after the delivery of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of delivery of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the

Executive of such termination, (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be, and (iv) if the Executive's employment is terminated by the Executive without Good Reason, the last day of employment of the Executive with the Company.

Section 6. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate his employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, plus (2) the product of (x) the higher of (I) the Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being hereinafter referred to as the "Highest Annual Bonus") multiplied by (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 plus (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) are hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) two multiplied by (2) the sum of (x) the Executive's Annual Base Salary plus (y) the Highest Annual Bonus;

(ii) the Company shall credit as of the Date of Termination the Account of the Executive under the Littelfuse, Inc. Supplemental Executive Retirement Plan (hereinafter referred to as the "SERP") with an amount equal to the sum of the two respective amounts which would be credited to the Account of the Executive under the SERP on the two Valuation Dates (as such term is defined in the SERP) next succeeding the Date of Termination assuming (A) the Executive would continue to be employed by the Company up to and including said second Valuation Date (hereinafter said period from the Date of Termination until said second Valuation Date is referred to as the "Assumed Employment Period"), (B) the Compensation (as such term is defined in the SERP) of the Executive during each fiscal year during the Assumed Employment Period would be equal to the amount of the Compensation of the Executive during the most recently ended Plan Year (as such term is defined in the SERP) prior to the Date of Termination, and (C) the Company would continue the SERP up to and including said second Valuation Date; provided, however, that if the Executive would reach the age of 62 prior to the expiration of the Assumed Employment Period, no amounts shall be credited to the Account of the Executive under the SERP for any Valuation Date occurring after the date that the Executive reaches age 62;

(iii) during the two years following the Date of Termination, the Company shall continue to provide medical insurance benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the medical insurance benefits described in Section 4(b)(iv) hereof if the Executive's employment had not been terminated; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical insurance benefits under another employer-provided plan, the medical insurance benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility;

(iv) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall hereinafter be referred to collectively as the "Other Benefits"); and

(v) notwithstanding anything to the contrary contained in any employment agreement, benefit plan or other document, in the event the Executive's employment shall be terminated during the Employment Period by the Executive for Good Reason or by the Company other than for Cause or Disability, on and after the Date of Termination the Executive shall not be bound or prejudiced by any non-competition agreement benefitting the Company or its subsidiaries, and any provisions contained in the SERP which would penalize the Executive for being employed by a competitor, including, without limitation, Section 3.6(c) thereof, shall not apply in any respect to the Executive and, effective as of the Date of Termination, the Company waives any right to enforce any

such provisions against the Executive.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations by the Company to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term "Other Benefits" as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations by the Company to the Executive under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates his employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations of the Company to the Executive under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination and the Company shall timely pay or provide the Other Benefits to the Executive. In no event shall the Executive be liable to the Company for any damages caused by such voluntary termination by the Executive nor shall the Executive be in any way restricted from being employed by any other party after such voluntary termination.

Section 7. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 12(f) hereof, shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement, except as explicitly modified by this Agreement.

Section 8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the fullest extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest by the Company, the Executive or others in which the Executive is the prevailing party and which involves or relates to the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment from the due date thereof until paid at the prime rate from time to time reported in The Wall Street Journal during said period.

Section 9. Certain Additional Payments by the Company. (a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (hereinafter referred to collectively as a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise

tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 9(c) hereof, all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other independent certified public accounting firm as may be designated by the Executive (hereinafter referred to as the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (hereinafter referred to as the "Underpayment") consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) hereof and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance. The Company's control of any such contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c) hereof, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to

the Company's complying with the requirements of Section 9(c) hereof) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c) hereof, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

Section 10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The provisions of this Section 10 shall survive any termination of this Agreement or any termination of the employment of the Executive with the Company.

Section 11. Successors. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the term "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

Section 12. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without reference to principles of conflict of laws. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) Each notice, request, demand, approval or other communication which may be or is required to be given under this Agreement shall be in writing and shall be deemed to have been properly given when delivered personally at the address set forth below for the intended party during normal business hours at such address, when sent by facsimile or other electronic transmission to the respective facsimile transmission numbers of the parties set forth below with telephone confirmation of receipt, or when sent by recognized overnight courier or by the United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

Littelfuse, Inc.
800 E. Northwest Highway
Des Plaines, Illinois 60016
Attention: President (unless the Executive is the President, in which case the communication should be to the attention of all of the Directors of the Company other than the Executive)
Facsimile: (847) 824-3864
Confirm: (847) 391-0304

If to the Executive:

Philip G. Franklin
==========
Facsimile: _____
Confirm: _____

Notices shall be given to such other addressee or address, or both, or by way of such other facsimile transmission number, as a particular party may from time to time designate by written notice to the other party hereto. Each notice, request, demand, approval or other communication which is sent in accordance with this Section shall be deemed given and received for all purposes of this Agreement as of two business days after the date of deposit thereof for mailing in a duly constituted United States post office or branch thereof, one business day after deposit with a recognized overnight courier service or upon confirmation of receipt of any facsimile transmission. Notice given to a party hereto by any other method shall only be deemed to be given and received when

actually received in writing by such party.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to promptly assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof and/or any other written agreement between the Executive and the Company, prior to the Effective Date the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date upon written notice to the other party, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

(g) This Agreement may be executed in two or more counterparts, all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Change of Control Employment Agreement as of the day and year first above written.

Philip G. Franklin

LITTELFUSE, INC.

By
Its_____

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion provides an analysis of the information contained in the consolidated financial statements and accompanying notes beginning on page 22 for the three fiscal years ended January 2, 1999.

Highlights

Sales decreased 2% in 1998 to $269.5 million. Contributing to the decline in sales was weakness in the electronic markets domestically and in Asia as well as lower domestic auto-motive sales. In addition, greater than historical selling price declines and costs related to new product introductions contributed to lower gross margins in 1998. The company continued its investment in and dedication to introducing new products. During the year, the company introduced a surface mount telecom fuse, J-Case automotive fuse, downsized packaging of aftermarket products and expanded the line of PTC devices to meet customer requirements. The company also continued to make investments in its manufacturing capabilities, successfully integrating plastic molding equipment into the Switzerland facility and installing new thin film capacity domestically.

Results of Operations -- 1998 Compared with 1997

Sales decreased 2% to $269.5 million in 1998 from $275.2 million in 1997. The gross margin was 37.2% compared to 40.4% the prior year and operating income was 12.7% of net sales compared to 15.9% the prior year. Net income decreased 22% to $19.9 million in 1998 from $25.3 million in 1997 and diluted earnings per share decreased 20% to $.86 in 1998 from $1.07 in 1997. Sales decreased $5.6 million during 1998. Sales declined both in the automotive and electronics markets, with a modest increase in power fuse sales. Automotive sales decreased $5.5 million or 5% to $96.7 million in 1998 compared to $102.1 million in 1997. Automotive sales were down domestically as a result of the continued phase-out of electromechanical products and the absence of any product fixes by the automotive OEM's in 1998. Electronic sales decreased $1.9 million or 1% to $133.1 million in 1998 compared to $135.0 million in 1997. The Company's electronics business was down due in part to continued inventory reductions at North American distributors, weakness in Japan and greater than historical selling price declines. Power fuse sales in-creased $1.8 million or 5% to $39.8 million in 1998 compared to $38.0 million in 1997. On a constant currency basis, electronic and power fuse sales would have increased 3 and 5% respectively, automotive sales would have decreased 4% and consolidated sales would have been flat. Led by European sales increases, international sales increased by 4% in 1998 to 43.0% of net sales in 1998 from 40.6% of net sales in 1997. Gross profit was $100.2 million or 37.2% of sales for 1998 compared to $111.1 million or 40.4% of sales for 1997. The gross margin decline resulted from greater than historical selling price reductions, lower volumes than anticipated and costs associated with the introduction of new products in 1998.Selling, general and administrative expenses declined $1.3 million to 18.9% of sales in 1998 as compared to 19.0% of sales in 1997 as a result of the decline in sales and favorable expense control during 1998. Research and development costs increased $0.5 million to 3.1% of sales in 1998 as compared to 2.9% of sales in 1997 due to the continued development of new products. Amortization of reorganization value and other intangibles was $6.8 million or 2.5% of sales for 1998 compared to $7.2 million or 2.6% of sales for the prior year. Total operating expenses, including intangible amortization, were 24.5% of sales for both years.Operating income for 1998 was $34.1 million or 12.7% of sales compared to $43.8 million or 15.9% of sales the prior year. The decline in operating margin resulted from decreases in gross margin. Interest expense was $4.0 million for 1998 compared to $4.1 million for 1997. Other expense, net, consisting of royalties, minority interest adjustments and foreign currency items was $0.1 million compared to other income of $1.0 million the prior year. Also included in other expense in 1998 were charges related to the liquidation of SamHwa Littelfuse amounting to approximately $0.4 million. Income before taxes was $30.0 million in 1998 compared to $40.7 million in 1997. Income tax expense was $10.1 million in 1998 compared to $15.3 million the prior year. The company's effective tax rate was 33.7 % in 1998 compared to 37.7 % in 1997. The decrease in income tax expense resulted from lower income before taxes as well as a one-time benefit of $1.1 million related to the liquidation of Sam Hwa Littelfuse. Net income for the year was $19.9 million in 1998 compared to $25.3 million the prior year. Diluted earnings per share decreased to $0.86 in 1998 compared to $1.07 in 1997.

1997 Compared with 1996

Sales increased 14% to $275.2 million in 1997 from $241.4 million in 1996. The gross margin was 40.4% compared to 40.7% the prior year and operating income was 15.9% of net sales compared to 15.6% the prior year. Net income increased 17% to $25.3 million in 1997 from $21.7 million in 1996 and diluted earnings per share increased 18% to $1.07 in 1997 from $.91 in 1996. Sales increased $33.7 million during 1997. The sales growth was strongest in the electronics segment, followed by automotive and power fuses. Electronic sales increased $22.6 million or 20% to $135.0 million in 1997 compared to $112.4 million in 1996. The electronics business was very strong in personal computers, tele- and data-communications as well as consumer electronics throughout the year. Electronics sales enjoyed significant growth in Asia-Pacific, Europe and North America in 1997. Automotive sales increased $8.4 million or 9% to $102.1 million in 1997 compared to $93.7 million in 1996. Automotive sales were very strong in the OEM markets, while they declined slightly in the automotive aftermarkets on a worldwide basis. Power fuse sales increased $2.6 million or 7% to $38.0 million in 1997 compared to $35.4 million in 1996. The company believes that its power fuse business grew twice as fast as the underlying markets for capital equipment and construction spending during 1997.On a constant currency basis, European sales growth would have been 16% rather than the 5% reported, Asia-Pacific sales growth would have been 36% rather than the 32% reported, and consolidated sales growth would have been 16% rather than the 14% reported. Led by increases in Asia-Pacific and European sales, international sales increased by 20% in 1997 to 40.6% of net sales in 1997 from 38.5% of net sales in 1996.Gross profit was $111.1 million or

40.4% of sales for 1997 compared to $98.3 million or 40.7% of sales for 1996. The gross margin decline of 32 basis points was primarily caused by the lower margins of our new China and Korean operations having a greater impact than our margin improvements due to cost reductions and spreading our fixed costs over higher sales in North America and Europe. Selling, general and administrative expenses increased $5.9 million to 19.0% of sales in 1997 as compared to 19.2% of sales in 1996 as a result of the increase in sales during 1997. Research and development costs increased $0.6 million to 2.9% of sales in 1997 as compared to 3.0% of sales in 1996. Amor-tization of reorganization value and other intangibles was 2.6% of sales for 1997 compared to 2.9% the prior year. Total operating expenses, including intangible amortization, were 24.5% of sales for 1997 compared to 25.1% of sales for 1996.Operating income for 1997 was $43.8 million or 15.9% of sales compared to $37.7 million or 15.6% of sales the prior year.Interest expense was $4.1 million for 1997 compared to $4.2 million for 1996 due to declining debt levels during the year. Other income, net, consisting of royalties, minority interest adjustments, revaluation of the Korean non-compete agreement and government grants, was $1.0 million compared to $0.7 million the prior year. Income before taxes was $40.7 million in 1997 compared to $34.1 million in 1996. Income tax expense was $15.3 million in 1997 compared to $12.4 million the prior year. The company's effective tax rate was 37.7% in 1997 compared to 36.3% in 1996. Net income for the year was $25.3 million in 1997 compared to $21.7 million the prior year. Diluted earnings per share increased to $1.07 in 1997 compared to $0.91 in 1996.

Liquidity and Capital Resources

Assuming no material adverse changes in market conditions, management expects that the company will have sufficient cash from operations to support both its operations and its debt obligations for the foreseeable future. Littelfuse started 1998 with $0.8 million of cash. Net cash provided by operations was $39.3 million for the year. Cash used to invest in property, plant and equipment was $21.3 million, to invest in product acquisitions for electrostatic discharge devices and medium voltage power fuses was $2.8 million and to make a non-compete payment was $0.2 million. Cash provided by financing activities included net proceeds of long-term debt of $33.9 million due to a $60.0 million private placement of new senior notes and renegotiation of the existing bank credit agreement. Terms of the new bank credit agreement provide for a credit line of $55.0 that was unused as of January 2, 1999. The purchase of the company's common stock for $26.8 million was partially offset by cash proceeds from the exercise of stock options and conversion of warrants of $6.3 million. The effect of exchange rate changes decreased cash by $1.1 million. The net of cash provided by operations, less investing activities, less financing activities, plus the effect of exchange rates resulted in a $27.2 million net increase in cash. This left the company with a cash balance of $28.0 million at the end of 1998.Net working capital used $2.8 million of cash flow from operations for 1998. Lower inventory and prepaid and other items were the primary cash providers, offset by an increase in accounts receivable and a decrease in accounts payable.Littelfuse started 1997 with $1.4 million of cash. Net cash provided by operations was $36.8 million for the year. Cash used to invest in property, plant and equipment was $18.9 million, to invest in a new Korean acquisition called Samjoo was $5.3 million and to make a non-compete payment was $0.4 million. Cash used in financing activities included net payments of long-term debt of $5.2 million. The purchase of the company's warrants and common stock for $8.6 million was partially offset by cash proceeds from the exercise of stock options of $1.0 million. The effect of exchange rate changes decreased cash by $0.1 million. The net of cash provided by operations, less investing activities, less financing activities, plus the effect of exchange rates resulted in a $0.7 million net decrease in cash. This left the company with a cash balance of $0.8 million at the end of 1997. Net working capital used $9.4 million of cash flow from operations for 1997. All asset categories used working capital. Accounts receivable increased $3.3 million and inventory increased $8.3 million. Most accruals provided working capital for the year. Accounts payable, accrued payroll, and accrued and deferred taxes each increased by a little less than $1 million and collectively provided funds of over $2.5 million. Accrued expenses declined $0.6 million using funds of that amount. The company's capital expenditures were $21.3 million in 1998, $18.9 million in 1997 and $17.1 million in 1996. The company expects that capital expenditures will be approximately $22 million in 1999. The primary purposes for capital expenditures in 1999 will be for new product tooling, production equipment and information systems. As in 1998, capital expenditures in 1999 are expected to be financed by cash flow from operations. The company increased total debt by $33.9 million in 1998, after decreasing debt by $5.2 million in 1997 and increasing debt by $4.2 million in 1996. The company is required to repay $14.0 million of long-term debt in 1999. During 1998, the company's Board of Directors authorized the company to repurchase up to 2,000,000 shares of its common stock or 2,000,000 of its warrants, or any combination not to exceed 2,000,000 shares of common stock or warrants, from time to time, depending on market conditions. The company repurchased 1,345,000 common shares for $26.8 million in 1998, 210,000 warrants and 205,000 common shares for $8.6 million in 1997 and 1,342,000 warrants and 570,000 common shares for $26.8 million in 1996. As of January 2, 1999, the company had over 700,000 shares remaining under Board of Directors authorization expiring in May of 1999. Earnings before interest, taxes, depreciation, amortization and other income and expense (EBITDA) decreased 12% to $56.3 million in 1998 from $64.1 million in 1997. EBITDA increased 9% to $64.1 million in 1997 from $58.7 million in 1996. Net working capital (working capital less cash and the current portion of long-term debt) as a % of sales was 17.3% at year-end 1998 compared to 15.1% at year-end 1997 and to 13.0% at year-end 1996. The increase in net working capital was due in part to the increase in days sales outstanding in accounts receivable to approximately 61 days at year-end 1998 compared to 55 days at year-end 1997 and 52 days at year-end 1996. The ratio of current assets to current liabilities was 2.1 to 1 at year-end 1998 compared to 1.6 to 1 at year-end 1997 and 1.4 to 1 at year-end 1996. The ratio of long-term debt to equity was 0.6 to 1 at year end 1998 compared to 0.3 to 1 at year-end 1997 and 0.4 to 1 at year-end 1996.

Year 2000

The company utilizes software, hardware and related computer technologies essential to its operations that use two digits rather than four to specify the applicable year, which could result in a date recognition problem with the transition to the year 2000. The company presently believes that with modifications or replacements of existing software and certain hardware, date recognition problems associated with the year 2000 can be mitigated. However, if such modifications and replacement are not made, or are not completed timely, the year 2000 transition could have a material adverse effect on the company's consolidated results of operations. To date, the company has fully completed its assessment of all mission-critical systems. Assessments of other systems, including operating equipment systems, which could be significantly affected by the year 2000 are underway. The completed assessments have indicated that most of the company's significant information technology systems could be affected, particularly the order entry, billing and inventory systems. In addition, the company has gathered information about the year 2000 compliance status of its significant customers, suppliers and subcontractors and continues to monitor their compliance.As of January 2, 1999, the company had completed 40% of the remediation phase for its information technology, operating equipment systems and external interface exposures. The company expects to complete software reprogramming and replacement as well as testing of all significant systems no later than May 1, 1999. All remediated systems are expected to be fully tested and implemented by June 30, 1999. The company has queried its significant suppliers and subcontractors, none of which share information systems with the company ("external agents"). To date, the company is not aware of any external agent with a year 2000 issue that would materially impact the company's results of operations, liquidity or capital resources. However, the company has no means of ensuring that external agents will be year 2000 ready. The inability of external agents to complete their year 2000 resolution process in a timely fashion could materially impact the company. The company will utilize both internal and external resources to reprogram or replace, test, and implement the software, operating equipment and external interfaces for year 2000 modifications. The total cost of projects that relate to year 2000 compliance is estimated at $12.0 million and is being funded through operating cash flows. Through January 2, 1999, the company has incurred costs totaling approximately $4.9 million, $0.6 of which has been expensed and $4.3 of which has been capitalized, related to all phases of the year 2000 project. Management of the company believes it has an effective program in place to become year 2000 compliant in a timely manner. As noted above, the company has not yet completed all necessary phases of the year 2000 program. In the event that the company does not complete any additional phases, the company would be unable to use its electronic systems to take customer orders, manufacture and ship products, invoice customers or collect payments. In addition, disruptions in the economy generally resulting from year 2000 issues could also materially adversely affect the company. The company could be subject to litigation for computer sys- tems failure, equipment shutdown or failure to properly date business records. The company currently has no contingency plans in place in the event it does not complete all phases of the year 2000 pro- gram. The company plans to evaluate the status of completion in March 1999 and determine whether such a plan is necessary. The company believes that the foregoing statements are in conformity with the Year 2000 Information and Readiness Disclosure Act (Public Law 105-271, 112 Stat. 2386), and all of the foregoing statements are designated as year 2000 readiness disclosures thereunder.

The protection of this act does not apply to federal securities fraud.

Outlook

Littelfuse has experienced compounded annual sales growth of 11% for the last five years. Sales growth is expected in 1999, fueled in part by sales of products introduced in 1998 and continued increases in the European segment. Although the company expects that growth will resume in 1999, the rate is expected to be lower than the last five-year average. In an attempt to offset continued selling price pressures from its customers, the company has increased cost reduction efforts worldwide. The company expects that these efforts will favorably affect the gross margin percentage in 1999. In addition, new product introduction costs that negatively affected the gross margin in 1998 are not expected to be as significant in 1999. The development of new products, global expansion, and reinvestment continue to be Littelfuse's long-term growth strategy. Accordingly, the company intends to continue its commitment to funding research and development, international market development, and investments in capital equipment and operations improvements.

Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995 The statements under "Outlook", "Year 2000" and the other statements which are not historical facts contained in this report are forward-looking statements that involve risks and uncertainties, including, but not limited to, product demand and market acceptance risks, the effect of economic conditions, the impact of competitive products and pricing, product development, commercialization and technological difficulties, year 2000 issues discussed above, capacity and supply constraints or difficulties, the results of financing efforts, actual purchases under agreements, the effect of the company's accounting policies, and other risks which may be detailed in the company's Securities and Exchange Commission filings.

Report of Independent Auditors

The Board of Directors and Shareholders
Littelfuse, Inc.

We have audited the consolidated statements of financial condition of Littelfuse, Inc. and subsidiaries as of January 2, 1999, and January 3, 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended January 2, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Littelfuse, Inc. and subsidiaries as of January 2, 1999 and January 3, 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 2, 1999, in conformity with generally accepted accounting principles.

Chicago, Illinois
January 26, 1999

Consolidated Statements of Financial Condition
(thousands of dollars)

Assets	January 2, 1999	January 3, 1998
Current assets:		
Cash and cash equivalents	$ 27,961	$ 755
Accounts receivable, less allowances (1998 - $5,885; 1997 - $5,899)	41,382	37,458
Inventories	36,209	39,075
Deferred income taxes	2,456	3,672
Prepaid expenses and other current assets	3,090	2,896
Total current assets	111,098	83,856
Property, plant, and equipment:		
Land	6,753	6,355
Buildings	25,682	23,152
Equipment	131,136	111,723
	163,571	141,230
Less: Allowances for depreciation and amortization	85,783	70,467
	77,788	70,763
Intangible assets, net of amortization:		
Reorganization value in excess of amounts allocable to identifiable assets	37,814	41,202
Patents and licenses	6,522	8,785
Distribution network	6,412	7,126
Trademarks	3,275	3,527
Other	5,940	3,348
	59,963	63,988
Other assets	1,695	3,278
	$250,544	$221,885

Consolidated Statements of Financial Condition (continued)
(thousands of dollars)

Liabilities and shareholders' equity	January 2, 1999	January 3, 1998
Current liabilities:		
Accounts payable	$ 9,926	$ 13,858
Accrued payroll	12,555	10,316
Accrued expenses	7,929	7,427
Accrued income taxes	6,042	9,952
Current portion of long-term debt	15,515	10,172
Total current liabilities	51,967	51,725
Long-term debt, less current portion	70,061	40,385
Deferred income taxes	3,951	6,205
Minority interest in subsidiary	41	65
Shareholders' equity:		
Preferred stock, par value $.01 per share: 1,000,000 shares authorized; no shares issued and outstanding	--	--
Common stock, par value $.01 per share: 38,000,000 shares authorized; shares issued and outstanding, 1998 - 20,023,520; 1997 - 19,873,140	200	199
Additional paid-in capital	55,537	52,540
Notes receivable - Common stock	(2,772)	(1,960)
Accumulated other comprehensive loss	(3,726)	(4,767)
Retained earnings	75,285	77,493
	124,524	123,505
	$250,544	$221,885

See accompanying notes.

Consolidated Statements of Income
(in thousands of dollars, except per share amounts)

Year ended	January 2, 1999	January 3, 1998	December 28, 1996
Net sales	$269,540	$275,165	$241,446
Cost of sales	169,341	164,034	143,158
Gross profit	100,199	111,131	98,288
Selling, general and administrative expenses	50,936	52,226	46,281
Research and development expenses	8,387	7,927	7,330
Amortization of intangibles	6,780	7,210	7,008
Operating income	34,096	43,768	37,669
Interest expense	3,989	4,103	4,235
Other expense/(income), net	98	(987)	(660)
Income before income taxes	30,009	40,652	34,094
Income taxes	10,124	15,310	12,359
Net income	$ 19,885	$ 25,342	$ 21,735
Net income per share:			
Basic	$ 0.97	$ 1.28	$ 1.09
Diluted	$ 0.86	$ 1.07	$ 0.91
Weighted-average shares and equivalent shares outstanding:			
Basic	20,474	19,824	19,888
Diluted	23,154	23,623	23,801

See accompanying notes.

Consolidated Statements of Cash Flows
(thousands of dollars)

Year ended	January 2, 1999	January 3, 1998	December 28, 1996
Operating activities			
Net income	$ 19,885	$ 25,342	$ 21,735
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	15,426	13,184	14,057
Amortization of intangibles	6,780	7,210	7,008
Provision for bad debts	626	410	236
Deferred income taxes	(896)	215	(962)
Other	326	(159)	(411)
Changes in operating assets and liabilities:			
Accounts receivable	(3,218)	(3,331)	(5,630)
Inventories	3,610	(8,281)	(1,816)
Accounts payable and accrued expenses	(4,992)	1,950	6,550
Prepaid expenses and other	1,757	217	(424)
Net cash provided by operating activities	39,304	36,757	40,343
Investing activities			
Purchases of property, plant, and equipment, net	(21,320)	(18,936)	(17,094)
Purchase of business, net of cash acquired	(2,751)	(5,268)	--
Other	(249)	(357)	(341)
Net cash used in investing activities	(24,320)	(24,561)	(17,435)
Financing activities			
Proceeds (payments) of long-term debt, net	33,851	(5,192)	4,196
Proceeds from exercise of stock options and warrants	6,308	1,055	276
Purchases of common stock and redemption of warrants	(26,803)	(8,642)	(26,845)
Net cash provided by (used in) financing activities	13,356	(12,779)	(22,373)
Effect of exchange rate changes on cash	(1,134)	(89)	(416)
Increase (decrease) in cash and cash equivalents	27,206	(672)	119
Cash and cash equivalents at beginning of year	755	1,427	1,308
Cash and cash equivalents at end of year	$ 27,961	$ 755	$ 1,427

See accompanying notes.

Consolidated Statements of Shareholders' Equity
(thousands of dollars)

Period from January 1, 1996 to January 2, 1999	Common Stock	Additional Paid-In Capital	Notes Receivable-Common Stock	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Total
Balance at January 1, 1996	202	$ 71,494	$ (571)	$ (120)	$ 42,377	$113,382
Comprehensive income:						
Net income for the year	-	-	-	-	21,735	21,735
Foreign currency translation adjustment	-	-	-	(750)	-	(750)
Comprehensive income						20,985
Stock options and warrants exercised	2	1,997	(899)	-	-	1,100
Purchase of 570,260 shares of common stock	(6)	(1,986)	-	-	(7,917)	(9,909)
Redemption of 1,342,120 warrants	-	(16,936)	-	-	-	(16,936)
Balance at December 28, 1996	198	54,569	(1,470)	(870)	56,195	108,622
Comprehensive income:						
Net income for the year	-	-	-	-	25,342	25,342
Foreign currency translation adjustment	-	-	-	(3,897)	-	(3,897)
Comprehensive income						21,445
Stock options and warrants exercised	3	2,567	(490)	-	-	2,080
Purchase of 205,000 shares of common stock	(2)	(720)	-	-	(4,044)	(4,766)
Redemption of 210,250 warrants	-	(3,876)	-	-	-	(3,876)
Balance at January 3, 1998	199	52,540	(1,960)	(4,767)	77,493	123,505
Comprehensive income:						
Net income for the year	-	-	-	-	19,885	19,885
Foreign currency translation adjustment	-	-	-	1,041	-	1,041
Comprehensive income						20,926
Stock options and warrants exercised	15	7,693	(812)	-	-	6,896
Purchase of 1,345,300 shares of common stock	(14)	(4,696)	-	-	(22,093)	(26,803)
Balance at January 2, 1999	200	$ 55,537	$(2,772)	$(3,726)	$ 75,285	$124,524

See accompanying notes.

1. Summary of Significant Accounting Policies and Other Information

Nature of Operations Littelfuse, Inc. and its subsidiaries (the "Company") design, manufacture, and sell fuses and other circuit protection devices for use in the automotive, electronic, and general industrial markets throughout the world. The Company also manufactures and supplies relays, switches, circuit breakers, and indicator lights to the automotive industry and to appliance and general electronics manufacturers.

Fiscal Year Effective January 1, 1996, the Company changed its fiscal year-end from December 31 to a 52-53-week year ending on the Saturday nearest December 31. The Company's fiscal years ended January 2, 1999, and December 28, 1996, contained 52 weeks. The Company's fiscal year ended January 3, 1998, contained 53 weeks.

Principles of Consolidation The consolidated financial statements include the accounts of Littelfuse, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash Equivalents All highly liquid investments, with a maturity of three months or less when purchased, are considered to be cash equivalents.

Fair Value of Financial Instruments The Company's financial instruments include cash and cash equivalents, accounts re-ceivables, and long-term debt. The carrying values of such financial instruments approximate their estimated fair values.

Accounts Receivable The Company performs credit eval-uations of customers' financial condition and generally does not require collateral. Credit losses are provided for in the financial statements and consistently have been within management's expectations.

Inventories Inventories are stated at the lower of cost (first in, first out method) or market, which approximates current replacement cost.

Property, Plant, and Equipment Land, buildings, and equipment are carried at cost. Depreciation is provided under accelerated methods using useful lives of 21 years for buildings, 7 to 9 years for equipment, and 7 years for furniture and fixtures. Tooling and computer software are depreciated using the straight-line method over 5 years and 3 years, respectively.

Intangible Assets Reorganization value in excess of amounts allocable to identifiable assets and trademarks are amortized using the straight-line method over 20 years. Patents are amortized using the straight-line method over their estimated useful lives, which average approximately 10 years. The distribution network is amortized using an accelerated method over 20 years. Licenses are amortized using an accel-erated method over their estimated useful lives, which average approximately 9 years. Other intangible assets consist principally of an agreement-not-to-compete that is being amortized over the 3-year term of the agreement and goodwill that is being amortized over 10 to 20 years. Accumulated amortization of these intangible assets was $46.1 million at January 2, 1999, and $39.9 million at January 3, 1998.

Revenue Recognition Sales and associated costs are recognized when products are shipped to customers.

Advertising Costs The Company expenses advertising costs as incurred which amounted to $2.6 million in 1998, $2.8 million in 1997, and $2.7 million in 1996.

Foreign Currency Translation The financial statements of foreign entities have been translated in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," and, accordingly, unrealized foreign currency translation adjustments are reflected as a component of shareholders' equity.

Stock-Based Compensation Under the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), the Company accounts for stock option grants to employees and directors in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Company grants stock options for a fixed number of shares with an exercise price equal to the market price of the underlying stock at the date of grant and, accordingly, does not recognize compensation expense.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comprehensive Income In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes standards for reporting and display of comprehensive income and its components in the financial statements. The Company adopted SFAS 130 for fiscal 1998. The Company has chosen to disclose comprehensive income, which encompasses net income and foreign currency translation adjustments, in the consolidated statements of shareholders' equity. Prior years have been restated to conform to SFAS 130 requirements.

Recently Issued Accounting Pronouncements In June 1997, the FASB issued SFAS No.

131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 establishes standards for the way in which public business enterprises report information about operating segments in annual financial statements and interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. The Company adopted SFAS 131 for fiscal 1998. (See Note 8.)

In March 1998, the Accounting Standards Executive Committee (ACSEC) issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" (SOP 98-1). SOP 98-1 provides guidance on accounting for costs incurred on software obtained or developed for internal use. The Company adopted SOP 98-1 in the first quarter of fiscal 1998.

Reclassifications Certain amounts in the 1997 and 1996 financial statements have been reclassified to conform with the 1998 financial statement presentation.

2. Acquisition of Business and Liquidation

On May 30, 1997, the Company invested $5.3 million in exchange for a 97% interest in Samjoo Elec. Ind. Co. Ltd., a Korean fuse manufacturer, now doing business as Littelfuse Triad. This acquisition has been accounted for through the use of the purchase method of accounting; accordingly, the accompanying financial statements include the results of its operations since the acquisition date. Goodwill arising from this acquisition of approximately $2.9 million is being amortized over 20 years. Pro forma results of operations, assuming this acquisition had occurred as of January 1, 1996, would not differ materially from reported results of operations.

During the year ended January 2, 1999, the Company made two acquisitions for approximately $2.8 million. The acquisitions have been accounted for through the use of the purchase method of accounting; accordingly, the accompanying financial statements include the results of operations since the acquisition dates. Goodwill arising from these acquisitions of approximately $2.6 million is being amortized over 10 years. Pro forma results of operations, assuming these acquisitions had occurred as of December 29, 1996, would not differ materially from reported results of operations.

In March 1998, the Company consolidated its Korean operations into Littelfuse Triad. Pursuant to the consolidation, the Company incurred costs of approximately $400,000 to liquidate SamHwa Littelfuse, Inc.

3. Inventories

The components of inventories are as follows at January 2, 1999, and January 3, 1998 (in thousands):

	1998	1997
Raw materials	$ 9,800	$ 8,788
Work in process	5,338	3,556
Finished goods	21,071	26,731
	$36,209	$39,075

4. Long-Term Obligations

The carrying amounts of long-term obligations, which approximate fair value, are as follows at January 2, 1999, and January 3, 1998 (in thousands):

	1998	1997
6.16% Senior Notes, maturing 2005	$60,000	$ -
6.31% Senior Notes, maturing 2000	18,000	27,000
Credit line	-	20,000
Other obligations	5,539	3,557
Capital lease obligations	2,037	-
	85,576	50,557
Less: Current maturities	15,515	10,172
	$70,061	$40,385

During 1998, the Company concluded a $60.0 million private placement of Senior Notes and renegotiated its existing bank credit agreement to provide for a credit line of $55.0 million maturing on August 31, 2003. At January 2, 1999, the Company had available $55.0 million of borrowing capability under the credit line at an interest rate of LIBOR plus 0.375%. In addition, the Company has outstanding $18.0 million of Senior Notes issued pursuant to a 1993 Note Purchase Agreement.

The bank credit agreement provides for letters of credit of up to $8.0 million as part of the available credit line. At January 2, 1999, the Company had $1.4 million of outstanding letters of credit.

The Senior Notes and bank Credit Agreement contain covenants that, among other matters, impose limitations on the incurrence of additional indebtedness, future mergers, sales of assets, payment of dividends, and changes in control, as defined. In addition, the Company is required to satisfy certain financial

covenants and tests relating to, among other matters, interest coverage, working capital, leverage and net worth.

Aggregate maturities of long-term obligations at January 2, 1999, are as follows (in thousands):

1999	$15,515
2000	17,916
2001	11,016
2002	10,071
2003 and thereafter	31,058
	$85,576

Interest paid on long-term obligations approximated $3.8 million in 1998 and $4.0 million in 1997 and 1996, respectively.

5. Benefit Plans

The Company has a defined-benefit pension plan (the "Plan") covering substantially all of its North American employees. The amount of the retirement benefit is based on years of service and final average monthly pay. The Plan also provides post-retirement medical benefits to retirees and their spouses if the retiree has reached age 62 and has provided at least ten years of service prior to retirement. Such benefits generally cease once the retiree attains age 65. The Company's contributions are made in amounts sufficient to satisfy ERISA funding requirements.

In 1998, the Company adopted SFAS No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits." This statement standardizes the disclosure requirements for pensions and other postretirement benefits. Prior years' information has been restated to conform with the requirements of this statement.

(in thousands)	1998	1997
Change in benefit obligation		
Benefit obligation at beginning of year	$41,649	$37,385
Service cost	1,942	1,657
Interest cost	2,822	2,654
Actuarial loss	1,155	1,995
Benefits paid	(2,081)	(2,042)
Benefit obligation at end of year	$45,487	$41,649
Change in plan assets at fair value		
Plan assets at beginning of year	$39,703	$34,513
Actual return on plan assets	6,041	6,232
Employer contributions	700	1,000
Benefits paid	(2,081)	(2,042)
Fair value of plan assets at end of year	$44,363	$39,703
Funded status	$ (1,124)	$ (1,946)
Unrecognized prior service cost	245	311
Unrecognized net actuarial loss	2,301	4,094
Prepaid pension obligation	$ 1,422	$ 2,459
Weighted-average assumptions		
Discount rate	6.75%	7.00%
Expected return on plan assets	9.00%	9.00%
Salary growth rate	4.50%	4.50%
Components of net periodic benefit cost		
Service cost	$ 1,942	$ 1,657
Interest cost	2,822	2,654
Expected return on plan assets	(3,243)	(2,822)
Amortization of prior service cost	65	65
Recognized net actuarial loss	151	224
Net periodic benefit cost	$ 1,737	$ 1,778

The Company provides additional retirement benefits for certain key executives through its unfunded Supplemental Executive Retirement Plan. The charge to expense for this plan amounted to $852,000, $853,000, and $747,000 in 1998, 1997, and 1996, respectively. The unfunded benefit obligation amounted to $5.5 million and $4.3 million at January 2, 1999, and January 3, 1998, respectively.

The Company also maintains a 401(k) savings plan covering substantially all U.S. employees. The Company matches 50% of the employee's annual contributions for the first 4% of the employee's gross wages. Employees vest in the Company contributions after two years of service. Company matching contributions amounted to $547,000 in 1998, $523,000 in 1997, and $457,000 in 1996.

6. Shareholders' Equity

Stock Split On April 29, 1997, the Company's Board of Directors approved a two-for-one stock split to stockholders of record on May 20, 1997, payable June 10, 1997, in the form of a stock dividend. All prior years' number of shares and per share amounts have been restated to reflect the stock split.

Stock Purchase Warrants Warrants to purchase 2,483,709 shares of common stock at $4.18 per share were outstanding at January 2, 1999. The warrants are exercisable at the option of the holder at any time prior to December 27, 2001, and are not callable by the Company.

Stock Options The Company has stock option plans authorizing the granting of both incentive and nonqualified options and other stock rights of up to 2,800,000 shares of common stock to employees and directors. The stock options vest over a five-year period and are exercisable over a ten-year period commencing from the date of vesting.

A summary of stock option information follows:

	1998		1997		1996	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	1,361,310	$14.28	1,257,380	$10.95	1,236,800	$ 8.76
Granted	311,500	24.64	274,300	25.29	251,400	18.40
Exercised	(153,480)	6.49	(156,170)	6.70	(174,900)	5.81
Forfeited	(90,420)	15.31	(14,200)	15.69	(55,920)	10.43
Outstanding at end of year	1,428,910	$16.91	1,361,310	$14.28	1,257,380	$10.95
Exercisable at end of year	708,818		671,126		461,820	
Available for future grant	517,340		138,420		398,520	
Weighted-average value of options granted during the year		$11.81		$11.16		$ 9.31

As of January 2, 1999, the Company had the following outstanding options:

Weighted-Exercise Price	Options Outstanding	Average Exercise Price	Average Remaining Life	Options Exercisable
$ 3.688 to $5.00	195,300	$ 3.87	3.23	193,500
$ 7.50 to $11.155	206,900	9.95	4.68	181,620
$ 11.625 to $16.50	287,070	14.69	6.00	202,502
$ 17.813 to $25.50	638,340	22.18	8.53	110,936
$ 28.875 to $34.125	101,300	28.95	8.56	20,260

Disclosure of pro forma information regarding net income and net income per share is required by SFAS 123 and has been determined as if the Company had accounted for its stock options granted in 1998, 1997, and 1996 under the fair value method using the Black-Scholes option pricing model. The following assumptions were utilized in the valuation:

	1998	1997	1996
Risk-free interest rate	5.59%	6.63%	6.76%
Expected dividend yield	0%	0%	0%
Expected stock price volatility	.300%	.195%	.265%
Expected life of options	8 years	8 years	8 years

Had compensation cost for the Company's stock options granted in 1998, 1997, and 1996 been determined based on the fair value at the dates of grant, the Company's net income and net income per share would have been reduced to the pro forma amounts indicated:

	1998	1997	1996
Pro forma net income (in thousands of dollars)	$18,710	$24,621	$21,340
Pro forma basic net income per share	$ 0.91	$ 1.24	$ 1.08
Pro forma diluted net income per share	$ 0.81	$ 1.04	$ 0.90

The pro forma effect on net income for 1998, 1997, and 1996 is not representative of the pro forma effect on net income in future years as the pro forma disclosures reflect only the fair value of stock options granted in those years and do not reflect the fair value of outstanding options granted prior to 1996.

Notes Receivable - Common Stock In 1995, the Company established the Executive Loan Program under which certain management employees may obtain interest-free loans from the Company to facilitate their exercise of stock options and payment of the related income tax liabilities. Such loans, limited to 90% of the exercise price plus related tax liabilities, have a five-year maturity, subject to acceleration for termination of employment or death of the employee. Such loans are classified as a reduction of shareholder's equity.

Preferred Stock The Board of Directors may authorize the issuance from time to time of Preferred Stock in one or more series with such designations, preferences, qualifications, limitations, restrictions, and optional or other special rights as the Board may fix by resolution. In connection with the Rights Plan, the Board of Directors has reserved, but not issued, 200,000 shares of preferred stock.

Rights Plan In December 1995, the Company adopted a shareholder rights plan providing for a dividend distribution of one preferred share purchase right for each share of common stock outstanding on and after December 15, 1995. The rights can be exercised only if an individual or group acquires or announces a tender offer for 15% or more of the Company's common stock and warrants. If the rights first become exercisable as a result of an announced tender offer, each right would entitle the holder to buy 1/200th of a share of a new series of preferred stock at an exercise price of $67.50. Once an individual or group acquires 15% or more of the Company's common stock, each right held by such individual or group becomes void and the remaining rights will then entitle the holder to purchase a number of common shares having a market value of twice the exercise price of the right. If the attempted takeover succeeds, each right will then entitle the holder to purchase a number of the acquiring Company's common shares having a market value of twice the exercise price of the right. After an individual or group acquires 15% of the Company's common stock and before they acquire 50%, the Company's Board of Directors may exchange the rights in whole or in part, at an exchange ratio of one share of common stock or 1/100th of a share of a new series of preferred stock per right. Before an individual or group acquires 15% of the Company's common stock, or a majority of the Company's Board of Directors are removed by written consent, which ever occurs first, the rights are redeemable for $.01 per right at the option of the Company's Board of Directors. The Company's Board of Directors is authorized to reduce the 15% threshold to no less than 10%. Each right will expire on December 15, 2005, unless earlier redeemed by the Company.

7. Income Taxes

Federal, state, and foreign income tax expense (credit) consists of the following (in thousands):

	1998	1997	1996
Current:			

Federal	$ 4,861	$ 7,845	$ 7,091
State	920	1,859	1,440
Foreign	5,239	5,391	4,790
	11,020	15,095	13,321
Deferred:			
Federal	(809)	5	(872)
Foreign	(87)	210	(90)
	(896)	215	(962)
	$10,124	$15,310	$12,359

Domestic and foreign income before income taxes is as follows (in thousands):

	1998	1997	1996
Domestic	$15,337	$26,494	$21,299
Foreign	14,672	14,158	12,795
	$30,009	$40,652	$34,094

A reconciliation between income taxes computed on income before income taxes at the federal statutory rate and the provision for income taxes is provided below (in thousands):

	1998	1997	1996
Tax expense at statutory rate of 35%	$10,503	$14,228	$11,933
State and local taxes, net of federal tax benefit	598	1,208	936
Foreign income taxes	68	(705)	(181)
SamHwa Littelfuse, Inc. liquidation	(1,055)	-	-
Foreign losses for which no tax benefit is available	83	974	703
Other, net	(73)	(395)	(1,032)
	$10,124	$15,310	$12,359

Deferred income taxes are provided for the tax effects of temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. Significant components of the Company's deferred tax assets and liabilities at January 2, 1999, and January 3, 1998, are as follows (in thousands):

	1998	1997
Deferred tax liabilities		
Tax over book depreciation and amortization	$4,289	$4,740
Prepaid expenses	1,265	1,346
Other	416	639
Total deferred tax liabilities	5,970	6,725
Deferred tax assets		
Accrued expenses	3,899	3,146
Foreign net operating loss carryforwards	174	1,820
Other	578	1,045
Total deferred tax assets	4,651	6,011
Less: Valuation allowance	(174)	(1,820)
Net deferred tax assets	4,477	4,191
Net deferred tax liabilities	$1,493	$2,534

The deferred tax asset valuation allowance is related to deferred tax assets from foreign net operating losses. The net operating loss carryforwards have no expiration date. Certain foreign net operating loss carryforwards and the related valuation allowance are no longer available due to the liquidation of SamHwa Littelfuse, Inc. The Company received a one-time tax benefit associated with the liquidation of approximately $1.1 million for the year ended January 2, 1999. The Company paid income taxes of $11.5 million in 1998, $14.0 million in 1997, and $9.0 million in 1996.

8. Business Segment Information

The Company designs, manufactures, and sells circuit protection devices throughout the world. The Company has three reportable geographic segments: The Americas, Europe, and Asia-Pacific. The circuit protection market in these geographical segments is categorized into three major product areas: electronic, automotive, and power fuses.

The Company evaluates the performance of each geographic segment based on its net income or loss. The Company also accounts for intersegment sales as if the sales were to third parties.

The Company's reportable segments are the business units where the revenue is earned and expenses are incurred. The Company has subsidiaries in The Americas, Europe, and Asia-Pacific where each region is measured based on its sales and operating income or loss.

Information concerning the operations in these geographic segments for the year ended January 2, 1999, is as follows in Table 1 (in thousands):

Table 1: Geographic Segments	The Americas	Europe	Asia-Pacific	Combined Total	Corporate	Reconciliation	Consolidated Total
Revenues	$164,211	$ 44,835	$ 60,494	$269,540	$ -	$ -	$269,540
Intersegment revenues	30,297	10,024	263	40,584	-	(40,584)	-
Interest expense	3,724	17	248	3,989	-	-	3,989
Depreciation and amortization	8,495	1,459	3,417	13,371	8,835	-	22,206
Other income (loss)	506	68	(672)	(98)	-	-	(98)
Income tax expense	4,412	3,896	1,816	10,124	-	-	10,124
Net income (loss)	18,970	7,692	2,058	28,720	(8,835)	-	19,885
Identifiable assets	130,981	24,282	42,658	197,921	89,619	(36,996)	250,544
Capital expenditures	15,269	2,344	3,707	21,320	-	-	21,320

Intersegment revenues and receivables are eliminated to reconcile to consolidated totals. Corporate identifiable assets consist primarily of cash and intangible assets.

The Company's revenues by product areas for the year ended January 2, 1999, are as follows (in thousands):

	Revenues
Electronic	$133,086
Automotive	96,685
Power	39,769
Consolidated Total	$269,540

Revenues from no single customer of the Company amount to 10% or more of total revenues, except for its Japanese stocking representative, which accounted for

10.2% for the year ended January 2, 1999.

9. Lease Commitments

The Company leases certain office and warehouse space under noncancelable operating leases, as well as certain machinery and equipment. Rental expense under these leases was approximately $900,000 in 1998 and $1.3 million in 1997 and 1996, respectively. Future minimum payments for all noncancelable operating leases with initial terms of one year or more at January 2, 1999, are as follows (in thousands):

1999	$ 588
2000	200
2001	57
2002	7
2003 and thereafter	-
	$ 852

10. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

(in thousands)	1998	1997	1996
Numerator:			
Net income	$ 19,885	$ 25,342	$ 21,735
Denominator:			
Denominator for basic earnings per share - Weighted-average shares	$ 20,474	$ 19,824	$ 19,888
Effect of dilutive securities:			
Warrants	2,311	3,335	3,520
Employee stock options	369	464	393
Denominator for diluted earnings per share - Adjusted weighted-average shares and assumed conversions	23,154	23,623	23,801
Basic earnings per share	$ 0.97	$ 1.28	$ 1.09
Diluted earnings per share	$ 0.86	$ 1.07	$ 0.91

Selected Financial Data
(In thousands, except per share data)

Five Year Summary

	1998	1997	1996	1995	1994
Net sales	$269,540	$ 275,165	$ 241,446	$ 219,535	$ 194,454
Gross profit	100,199	111,131	98,288	89,872	77,416
Operating income	34,096	43,768	37,669	33,729	27,846
Net income	19,885	25,342	21,735	19,272	15,227
Net income per share - Diluted	0.86	1.07	0.91	0.78	0.63
Net working capital	$ 46,685	$ 41,548	$ 31,343	$ 27,963	$ 25,061
Total assets	250,544	221,885	209,951	205,186	199,328
Long-term debt	70,061	40,385	44,556	40,804	60,344

Quarterly Results of Operations (Unaudited)

	1998				1997			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net sales	$ 62,058	$ 69,035	$ 69,116	$ 69,331	$ 70,761	$ 68,993	$ 69,828	$ 65,583
Gross profit	21,370	25,905	26,331	26,592	27,843	27,860	28,609	26,819
Operating income	5,890	9,226	9,809	9,171	10,196	11,220	11,770	10,582
Net income	3,139	5,366	5,555	5,826	5,767	6,412	6,896	6,267
Net income per share:								
Basic	0.16	0.26	0.27	0.29	0.29	0.32	0.35	0.32
Diluted	0.14	0.23	0.24	0.25	0.24	0.27	0.29	0.27

Quarterly Stock Price

	1998				1997			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
High 25 1/4	25 5/8	26 5/8	28 1/2	35 1/2	34 1/2	28 1/2	250 /0	
Low 16 0/0	16 1/4	20 0/0	25 1/4	21 3/4	27 1/4	22 0/0	22 1/8	
Close	19 1/4	19 1/4	25 1/8	25 3/4	25 1/2	33 7/8	270 /0	23 1/8

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Littelfuse, Inc. of our report dated January 26, 1999, included in the 1998 Annual Report to Stockholders of Littelfuse, Inc.

Our audit also included the financial statement schedule of Littelfuse, Inc. listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements (No. 33-55942, 33-64442, 33-95020, and 333-03260) on Form S-8 of our report dated January 26, 1999, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Littelfuse, Inc.

Ernst & Young LLP

Chicago, Illinois
March 17, 1999