UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **March 25, 2011**

Kratos Defense & Security Solutions, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	**0-27231**	**13-3818604**
(State or Other Jurisdiction of Incorporation)	Commission File Number	(I.R.S. Employer Identification Number)

4820 Eastgate Mall, San Diego, CA 92121
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(858) 812-7300**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Indenture and Notes

On March 25, 2011, Acquisition Co. Lanza Parent, a Delaware corporation (the "Stage I Issuer") and wholly-owned subsidiary of Kratos Defense & Security Solutions, Inc. ("Kratos"), issued $285 million in aggregate principal amount of its 10% Senior Secured Notes due 2017 (the "Stage I Notes"). The Stage I Issuer received approximately $301 million in net cash proceeds from the offering, which includes an approximate $20 million of issuance premiums, which proceeds will be used, together with cash contributions from Kratos, to finance the acquisition (the "Acquisition") of all of the outstanding shares of common stock of Herley Industries, Inc. ("Herley"), to pay related fees and expenses and for general corporate purposes.

The Stage I Notes were issued under an Indenture dated as of March 25, 2011 (the "Stage I Indenture"), by and among the Stage I Issuer, the Stage I Issuer's existing and future domestic subsidiaries party thereto, as guarantors, and Wilmington Trust FSB, as trustee ("Wilmington"). The Stage I Notes were sold inside the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. The following is a brief description of the material provisions of the Stage I Indenture and the Stage I Notes.

Interest — The Stage I Notes will bear interest at a rate of 10% per annum. The Stage I Issuer will pay interest on the Stage I Notes in cash semi-annually, in arrears, on June 1 and December 1 of each year, beginning on June 1, 2011. Interest payable on such first interest payment date will be for interest, including pre-issuance interest, accrued from December 1, 2010.

Maturity — The Stage I Notes will mature on June 1, 2017. All principal will be paid at maturity.

Stage I Guarantees — The Stage I Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by the Stage I Issuer's existing and future domestic subsidiaries (the ''Stage I Guarantors'') pursuant to guarantees (the ''Stage I Guarantees'') under the Stage I Indenture. Unless the Acquisition is consummated, the only Stage I Guarantor will be Lanza Acquisition Co., a Delaware corporation (''Acquisition Co.'') and an indirect wholly-owned subsidiary of Kratos, and neither Kratos nor Herley or any of their respective subsidiaries (other than Acquisition Co.) will be obligated to assume any liability with respect to the Stage I Notes.

Security — The Stage I Notes and the Stage I Guarantees will be secured by a lien on substantially all of the Stage I Issuer's and the Stage I Guarantors' assets, subject to certain exceptions (e.g., none of the capital stock of Herley acquired by Acquisition Co. will secure the Stage I Notes until the consummation of the Acquisition) and permitted liens.

Ranking — The Stage I Notes and the Stage I Guarantees will rank senior in right of payment to all of the Stage I Issuer's and the Stage I Guarantors' existing and future subordinated indebtedness and equal in right of payment with all of the Stage I Issuer's and the Stage I Guarantors' existing and future senior indebtedness.

Special Redemption — If the Acquisition has not been consummated on or prior to June 23, 2011, the 90th day following the consummation of the offering of the Stage I Notes (the ''Acquisition Deadline Date''), the Stage I Issuer will be required to make a special redemption to redeem all of the Stage I Notes at a redemption price equal to 107% of the principal amount of the Stage I Notes (exclusive of pre-issuance interest), together with accrued but unpaid interest (including, for the avoidance of doubt, pre-issuance interest) thereon to the date of such redemption.

Exchange Redemption — If the Acquisition shall have occurred on or prior to the Acquisition Deadline Date, promptly following the consummation of the Acquisition, (i) the Stage I Issuer will merge with and into Kratos at which time Kratos will assume the obligations of the Stage I Issuer under the Stage I Notes and become the Stage I Issuer under the Stage I Indenture and (ii) Kratos, as the Stage I Issuer, shall redeem all of the Stage I Notes then outstanding (the ''Stage II Notes Exchange Redemption'') at a redemption price equal to 100% of the aggregate principal amount thereof by issuing in exchange therefor its 10% Senior Secured Notes due 2017 (the "Stage II Notes") in an aggregate principal amount equal to the aggregate principal amount of the Stage I Notes. Any accrued interest not then due under the Stage I Notes will be evidenced by,

and payable under, the Stage II Notes in accordance with the terms thereof. The Stage II Notes so issued will constitute an additional issuance of Kratos' 10% Senior Secured Notes due 2017 issued under that certain indenture, dated as of May 19, 2010 (the ''Existing Kratos Indenture''), among Kratos, the guarantors party thereto (the "Stage II Guarantors") and Wilmington Trust, as trustee and collateral agent, under which Kratos previously issued $225.0 million in aggregate principal amount of its 10% Senior Secured Notes due 2017.

Optional Redemption; Change of Control Offer; Asset Sale Offer — The Stage I Notes will be subject to optional redemption prior to maturity. The Stage I Issuer will be obligated to make an offer to repurchase the Stage I Notes upon certain change of control events and certain asset sales.

The Stage I Notes were issued pursuant to a Purchase Agreement, dated March 22, 2011 (the "Purchase Agreement"), by and among Kratos, the Stage I Issuer, Acquisition Co., and Jefferies & Co., Inc., as representative for the initial purchasers. Kratos previously announced the execution of the Purchase Agreement on a Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on March 23, 2011. A copy of the Purchase Agreement is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

The foregoing summary of the Stage I Notes and Stage I Indenture does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Stage I Indenture, which includes the Form of the Stage I Notes, a copy of which is attached hereto as Exhibit 4.1 and the terms of which are incorporated herein by reference.

A copy of Kratos' press release, dated March 25, 2011, announcing the issuance of the Stage I Notes is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Security Agreement

In connection with the issuance of the Stage I Notes, the Stage I Issuer and Acquisition Co. entered into a security agreement with Wilmington Trust FSB, as collateral agent (the "Security Agreement"), the terms of which are described above under "Stage I Notes—Security." The foregoing summary of the Security Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Security Agreement, a copy of which is attached hereto as Exhibit 10.2 and the terms of which are incorporated herein by reference.

Registration Rights Agreement

In connection with the issuance of the Stage I Notes, Kratos entered into a registration rights agreement with the initial purchasers (the "Registration Rights Agreement"), the Stage I Issuer, the Stage I Guarantors and the Stage II Guarantors, pursuant to which Kratos agreed to use commercially reasonable efforts to register with the SEC a new issue of notes having substantially identical terms as the Stage I Notes or, if the Stage II Notes Exchange Redemption is consummated, the Stage II Notes as part of an offer to exchange freely tradable notes, which are referred to herein as exchange notes, for the Stage I Notes or, if the Stage II Notes Exchange Redemption is consummated, the Stage II Notes. Pursuant to the Registration Rights Agreement, the Stage I Issuer or, if the Stage II Notes Exchange Redemption is consummated, Kratos has agreed (1) to file an exchange offer registration statement with the SEC within 120 days after the closing of the offering of the Stage I Notes, (2) to use commercially reasonable efforts to have the exchange offer registration statement declared effective within 180 days after the closing of the offering of the Stage I Notes, and (3) unless the exchange offer would not be permitted by applicable law or SEC policy, to use commercially reasonable efforts to consummate the exchange offer within 30 business days, or longer if required by the U.S. federal securities laws, after the date on which the exchange offer registration statement was declared effective by the SEC. In certain circumstances, the Stage I Issuer or, if the Stage II Notes Exchange Redemption is consummated, Kratos may be required to file a shelf registration statement to cover resales of the Stage I Notes or, if the Stage II Notes Exchange Redemption has been consummated, the Stage II Notes. If the Stage I Issuer or Kratos, as applicable, fails to satisfy these obligations, it will pay additional interest to holders of the Stage I Notes or, if the Stage II Notes Exchange Redemption is consummated, the Stage II Notes under certain circumstances.

The foregoing summary of the Registration Rights Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Registration Rights Agreement, a copy of which is attached hereto as Exhibit 4.2 and the terms of which are incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets

On March 25, 2011, pursuant to an Agreement and Plan of Merger dated as of February 7, 2011 (the "Merger Agreement"), by and among Kratos, Acquisition Co. and Herley, Acquisition Co. acquired 13,225,532 shares of Herley common stock representing approximately 93.7% of all outstanding shares

of Herley common stock in a tender offer to purchase all of the outstanding shares of Herley common stock (the "Offer"), including 302,994 shares representing approximately 2.1% of all outstanding shares of Herley common stock which were tendered by notice of guaranteed delivery, giving Acquisition Co. control of Herley. The tendered shares of Herley Common Stock represent approximately 84.7% of all outstanding shares of Herley common stock on a fully-diluted basis. The foregoing calculations are based on information obtained from the depositary, as of the expiration of the initial offering period at 12:00 midnight, Eastern Time, on Thursday, March 24, 2011 (the end of the day on Thursday). The consideration for the 13,225,532 shares validly tendered and accepted for payment by Acquisition Co. in the Offer totaled approximately $245 million in cash.

Additionally, on March 25, 2011, in connection with the completion of the initial offering period of the Offer and effective immediately following the purchase of and payment by Kratos and Acquisition Co. (pursuant to and in accordance with the terms of the Merger Agreement) for the shares of Herley common stock tendered in the Offer, Kratos designated four representatives to serve on Herley's board of directors, replacing the Herley board members who have resigned and giving Kratos majority board representation. Three of the previously elected Herley board members will remain on the Herley board until the merger between Acquisition Co. and Herley is completed.

Following the expiration of the initial offering period, Kratos announced that Acquisition Co. had commenced a subsequent offering period for three business days starting on March 25, 2011. The subsequent offering period will expire at 12:00 midnight, Eastern Time, on Tuesday, March 29, 2011 (the end of the day on Tuesday). During this subsequent offering period, Herley stockholders who did not previously tender their shares into the Offer may do so and will promptly receive the same $19.00 per share cash consideration paid during the initial offering period. The guaranteed delivery procedures may not be used during the subsequent offering period and shares tendered during the subsequent offering period may not be withdrawn.

Pursuant to the terms and conditions of the Merger Agreement, following the consummation of the Offer, Acquisition Co. will merge with and into Herley with Herley surviving as an indirect wholly owned subsidiary of Kratos (the "Merger"). At the effective time of the Merger, each share of Herley common stock that is not tendered and accepted pursuant to the Offer (other than shares held in the treasury of Herley or owned, directly or indirectly, by Acquisition Co., the Stage I Issuer, Kratos or any subsidiary of Kratos or Herley or any subsidiary of Herley immediately prior to the effective time of the Merger, and other than dissenting shares) will be canceled and converted into the right to receive cash $19.00 per share in cash, without interest, on the terms and subject to the conditions set forth in the Merger Agreement. Assuming Acquisition Co. has acquired at least 90% of the outstanding common stock of Herley following the expiration of the subsequent offering period, the Merger is expected to occur promptly thereafter, followed by a subsequent roll-up merger of the Stage I Issuer, the direct parent to Herley following the Merger, with and into Kratos, resulting in Herley becoming a direct, wholly-owned subsidiary of Kratos.

The foregoing summary of the Merger Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, a copy of which was filed as Annex A to the Prospectus Supplement dated February 7, 2011, pursuant to the Registration Statement on Form S-3 of Kratos Defense & Security Solutions, Inc. (File No. 333-161340)), and the terms of which are incorporated herein by reference.

A copy of Kratos' press release, dated March 25, 2011, announcing the completion of the initial offering period of the Offer and the commencement of the subsequent offering period, a copy of which was filed as Exhibit 99(a)(5)(D) to Kratos' Schedule TO-T/A, filed with the SEC on March 25, 2011, and is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The historical financial statements required by this Item 9.01(a) will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date on which this Current Report on Form 8-K is required to be filed.

(b) Pro Forma Financial Statements.

The pro forma financial statements required by this Item 9.01(b) will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date on which this Current Report on Form 8-K is required to be filed.

(d) Exhibits.

4.1	Indenture, dated March 25, 2011, by and among Acquisition Co. Lanza Parent, the guarantors named therein and a party thereto, and Wilmington Trust FSB, as trustee and collateral agent (including the Form of 10% Senior Secured Notes).
4.2	Registration Rights Agreement, dated March 25, 2011, by and among Kratos Defense & Security Solutions, Inc., Acquisition Co. Lanza Parent, Lanza Acquisition Co., the guarantors named therein, Jefferies & Company, Inc., KeyBanc Capital Markets Inc., and Oppenheimer & Co. Inc.
10.1	Purchase Agreement, dated March 25, 2011, by and among Kratos Defense & Security Solutions, Inc., Acquisition Co. Lanza Parent, Lanza Acquisition Co., the guarantors named therein, Jefferies & Company, Inc., KeyBanc Capital Markets Inc., and Oppenheimer & Co. Inc.
10.2	Security Agreement, dated March 25, 2011, by and among Acquisition Co. Lanza Parent, Lanza Acquisition Co., and Wilmington Trust FSB, as collateral agent.
99.1	Press release dated March 25, 2011, regarding the closing of the sale of the Stage I Notes.

Forward-Looking Statements

Certain statements in this Current Report on Form 8-K may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to a variety of matters, including but not limited to: Kratos’ intended use of the net proceeds from the issuance of the Stage I Notes; the exchange of the Stage I Notes for the Stage II Notes; the completion of the Merger; and other statements that are not purely statements of historical fact. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise.

SIGNATURES

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

Kratos Defense & Security Solutions, Inc.

By: /s/ Deanna H. Lund
Deanna H. Lund
Vice President, Chief Financial Officer

Date: March 25, 2011

Exhibit 4.1

EXECUTION VERSION

INDENTURE,

dated as of March 25, 2011,

among

ACQUISITION CO. LANZA PARENT

as Issuer,

THE GUARANTORS HEREAFTER PARTIES HERETO,

as Guarantors

and

WILMINGTON TRUST FSB,

as Trustee and Collateral Agent

10% Senior Secured Notes due 2017

CROSS-REFERENCE TABLE

TIA Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	7.10
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.03; 7.08; 7.10
(c)	N.A.
311(a)	7.03; 7.11
(b)	7.03; 7.11
312(a)	2.05
(b)	7.07; 11.03
(c)	11.03
313(a)	7.06
(b)	7.06
(c)	7.06
(d)	7.06
314(a)	4.06; 4.19
(b)	12.02
(c)(1)	4.06; 11.04
(c)(2)	11.04
(c)(3)	4.06
(d)	12.03
(e)	11.05
(f)	N.A.
315(a)	7.01(b)
(b)	7.05
(c)	7.01(a)
(d)	7.01(c)
(e)	6.11
316(a)(last sentence)	2.09

(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	9.04
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	11.01
(b)	N.A.
(c)	11.01

N.A. means Not Applicable

NOTE: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of this Indenture.

TABLE OF CONTENTS

INDENTURE, dated as of March 25, 2011, among Acquisition Co. Lanza Parent, a Delaware corporation (the "Company"), the Guarantors (as herein defined) hereafter parties hereto and Wilmington Trust FSB ("Wilmington"), as Trustee (in such capacity, the "Trustee") and Collateral Agent (in such capacity, the "Collateral Agent").

Each party agrees as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 10% Senior Secured Notes due 2017 (the "Initial Notes") and the 10% Senior Secured Notes due 2017 issued only in exchange for a like principal amount at maturity of Initial Notes (the "Exchange Notes," and together with the Initial Notes, the "Notes"):

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"Acceleration Notice" has the meaning set forth in Section 6.02.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Subsidiary of the Company or at the time it merges or consolidates with or into the Company or any of its Subsidiaries or in the case of any Indebtedness assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary of the Company or such acquisition, merger or consolidation and which Indebtedness is without recourse to the Company or any of its Subsidiaries or to any of their respective properties or assets other than the Person or the assets to which such Indebtedness related prior to the time such Person became a Subsidiary of the Company or the time of such acquisition, merger or consolidation.

"Acquisition Co." means Lanza Acquisition Co., a Delaware corporation and a Wholly Owned Subsidiary of the Company.

"Acquisition Deadline Date" means the date that is the 90th day following the Issue Date.

"Additional Interest" has the meaning set forth in the Registration Rights Agreement.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "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. The terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Affiliate Transaction" has the meaning set forth in Section 4.15.

"Agent" means any Registrar, Paying Agent or co-Registrar.

"Agent Members" has the meaning set forth in Section 2.14 and means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to the Depository, shall include Euroclear and Clearstream).

"Applicable Premium" means, with respect to a Note at any Redemption Date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such Redemption Date of (1) the redemption price of such Note on June 1, 2014 (such redemption price being that described in Section 3.01(a) on or after June 1, 2014) *plus* (2) all required remaining scheduled interest payments due on such Notes through June 1, 2014, computed using a discount rate equal to the

Treasury Rate *plus* 50 basis points over (B) the principal amount of such Note on such Redemption Date. Calculation of the Applicable Premium will be made by the Company or on behalf of the Company by such Person as the Company shall designate.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and Clearstream that apply to such transfer or exchange.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer (other than a Lien in accordance with this Indenture) for value by (x) the Company or any of its Subsidiaries to any Person other than the Company or a Guarantor or (y) a Foreign Subsidiary to any Person other than the Company or a Wholly Owned Subsidiary of the Company of:

(1) any Capital Stock of any Subsidiary of the Company; or

(2) any other property or assets of the Company or any Subsidiary of the Company other than in the ordinary course of business;

provided , however, that Asset Sales shall not include:

(a) a transaction or series of related transactions for which the Company or its Subsidiaries receive aggregate consideration of less than $1.0 million;

(b) the transfer of all of the assets of the Company as permitted under Section 5.01;

(c) any Restricted Payment permitted under Section 4.09 or a Permitted Investment;

(d) the sale of Cash Equivalents;

(e) the sale or other disposition of used, worn out, obsolete or surplus equipment or damaged equipment the repair of which in the good faith determination of the Company is non-economical; and

(f) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, as amended (or comparable or successor provision), any exchange of like property for use in any Permitted Business.

"Authenticating Agent" has the meaning set forth in Section 2.02.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended, and codified as 11 U.S.C. §§101 et seq.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have meanings correlative to the foregoing.

"Board of Directors" means, as to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means a day that is not a Legal Holiday.

"Capital Stock" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

"Capitalized Lease Obligation" at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Cash Equivalents" means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's;

(3) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's;

(4) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof issued by any bank organized under the laws of the United States of America or any state thereof or the District of Columbia or any U.S. branch of a foreign bank having at the date of acquisition thereof combined net capital and surplus of not less than $250.0 million;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (4) above; and

(6) investments in money market funds which invest exclusively in assets satisfying the requirements of clauses (1) through (5) above.

"Change of Control" means the occurrence of one or more of the following events:

(1) any direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one transaction or a series of related transactions, of all or substantially all

of the assets of the Company to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a "Group");

(2) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation, winding up or dissolution of the Company;

(3) any Person or Group is or becomes the Beneficial Owner, directly or indirectly, in the aggregate of more than 35% of the total voting power of the Voting Stock of the Company;

(4) individuals who on the Issue Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the stockholders of the Company was approved pursuant to a vote of a majority of the directors then still in office who were either directors on the Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; or

(5) the failure of Kratos to own all of the issued and outstanding Capital Stock of Intermediate Holdings;

provided, however, that a "Change of Control" shall not occur solely as a result of the merger of the Company with and into Kratos that is consummated in accordance with the terms of Section 5.01.

"Change of Control Offer" has the meaning set forth in Section 4.10.

"Change of Control Payment Date" has the meaning set forth in Section 4.10.

"Clearstream" means Clearstream Banking, societe anonyme.

"Collateral" means all of the assets of the Company or any Guarantor, whether now owned or hereafter existing and whether real, personal or mixed, which secures the Indenture Obligations.

"Collateral Agent" means Wilmington Trust FSB, as collateral agent and any successor under this Indenture.

"Collateral Agreements" means, collectively, the Security Agreement and each Mortgage, in each case, as the same may be in force from time to time.

"Commodity Agreement" means any hedging agreement or other similar agreement or arrangement designed to protect the Company or any Subsidiary of the Company against fluctuations in commodity prices.

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Issue Date or issued thereafter, and includes, without limitation, all series and classes of such common stock.

"Company" has the meaning set forth in the preamble to this Indenture.

"Contributions" means, the $45.0 million of cash contributed by Kratos to the Company on or prior to the Issue Date.

"Corporate Trust Office" means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date of this Indenture, located at Wilmington Trust FSB, 50 South Sixth Street, Suite 1290, Minneapolis, MN 55402, Attn: Kratos/Lanza Administrator.

"Covenant Defeasance" has the meaning set forth in Section 8.01.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any Subsidiary of the Company against fluctuations in currency values.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Code.

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

"Depository" means the Depository Trust Company, its nominees and successors.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event (other than an event that would constitute a Change of Control), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except in each case, upon the occurrence of a Change of Control) on or prior to the first anniversary of the final maturity date of the Notes for cash or is convertible into or exchangeable for debt securities of the Company or its Subsidiaries at any time prior to such anniversary.

"Domestic Subsidiary" means, with respect to any Person, a Subsidiary of such Person that is not a Foreign Subsidiary of such Person.

"Equity Offering" means an underwritten public offering of Common Stock of the Company or any holding company of the Company pursuant to a registration statement filed with the SEC (other than on Form S-8) or any private placement of Common Stock of the Company or any holding company of the Company to any Person other than issuances upon exercise of options by employees of any holding company, the Company or any of the Subsidiaries.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"Event of Default" has the meaning set forth in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Exchange Notes" has the meaning set forth in the preamble to this Indenture and means the Notes, if any, issued under Section 2.02 pursuant to the Registration Rights Agreement.

"Exchange Offer" means an exchange offer that may be made by the Company, pursuant to the Registration Rights Agreement, to exchange for any and of all the Initial Notes a like aggregate principal amount of Exchange Notes having substantially identical terms to the Initial Notes registered under the Securities Act.

"Excluded Assets" means:

(1) vehicles and other items covered by certificates of title or ownership to the extent that a security interest cannot be perfected solely by filing a UCC-1 financing statement (or similar instrument);

(2) leasehold interests in real property with respect to which the Company or any Guarantor is a tenant or subtenant;

(3) any asset or property right of any nature if the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of such asset or property right or the loss of use of such asset or property right or (B) a breach, termination or default under any lease, license, contract or agreement, other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity, to which the Company or Guarantor is party;

(4) any asset or property right of any nature to the extent that any applicable law or regulation prohibits the creation of a security interest thereon (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity);

(5) any applications for trademarks or service marks filed in the United States Patent and Trademark Office (the "PTO") pursuant to 15 U.S.C. §1051 Section 1(b) unless and until evidence of use of the mark in interstate commerce is submitted to the PTO pursuant to 15 U.S.C. §1051 Section 1(c) or Section 1(d);

(6) the voting Capital Stock of any Foreign Subsidiary in excess of 65% of all of the outstanding voting Capital Stock of such Foreign Subsidiary;

(7) property and assets owned by the Company or any Guarantor that are the subject of Permitted Liens described in clause (6) or (7) of the definition thereof for so long as such Permitted Liens are in effect and the Indebtedness secured thereby otherwise prohibits any other Liens thereon;

(8) any Capital Stock or other securities of the Company's Subsidiaries to the extent that the pledge of such securities results in the Company being required to file separate financial statements of such Subsidiary with the SEC, but only to the extent necessary for the Company not to be subject to such requirement and only for so long as such requirement is in existence; *provided* that neither the Company nor any of its Subsidiaries shall take any action in the form of a reorganization, merger or other restructuring a principal purpose of which is to provide for the release of the Lien on any securities pursuant to this clause;

(9) any Herley Shares until the consummation of the Herley Acquisition; and

(10) (i) deposit and securities accounts the balance of which consists exclusively of (a) withheld income Taxes and federal, state or local employment taxes in such amounts as are required to be paid to the Internal Revenue Service or state or local government agencies within the following two months with respect to employees of the Company or any of the Guarantors, and (b) amounts required to be paid over to an employee benefit plan pursuant to U.S. Department of Labor ("DOL") Reg. Sec. 2510.3-102 on behalf of or for the benefit of employees of the Company or any Guarantor, and (ii) all segregated deposit

accounts constituting (and the balance of which consists solely of funds set aside in connection with) tax accounts, and trust accounts.

"Fair Market Value" means, with respect to any asset or property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value shall be determined by the Board of Directors of the Company acting in good faith and shall be evidenced by a Board Resolution of the Board of Directors of the Company delivered to the Trustee; *provided*, that with respect to any price less than $5.0 million only the good faith determination by the Company's senior management shall be required.

"Foreign Subsidiary" means, with respect to any Person, any Subsidiary of such Person that is organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia.

"GAAP" means accounting principles generally accepted in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect as of the Issue Date.

"Global Notes" has the meaning set forth in Section 2.01.

"Guarantee" has the meaning set forth in Section 10.01.

"Guarantor" means (1) Acquisition Co. and (2) each of the Company's Domestic Subsidiaries that in the future executes a supplemental indenture in which such Domestic Subsidiary agrees to be bound by the terms of this Indenture as a Guarantor; *provided* that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms of this Indenture.

"Herley" means Herley Industries, Inc., a Delaware corporation.

"Herley Acquisition" means the acquisition by the Company or one or more of its Subsidiaries of all of the issued and outstanding Herley Shares in accordance with the Merger Agreement (with no provision thereof having been waived, amended, supplemented or otherwise modified in a manner which could reasonably be expected to be materially adverse to the rights or interests of Kratos, the Company or Acquisition Co. or any Holder without the consent from the Holders holding at least a majority in aggregate principal amount of the Notes).

"Herley Shares" means the Capital Stock of Herley.

"Holder" means the Person in whose name a Note is registered on the registrar's books.

"IAI Global Notes" has the meaning set forth in Section 2.01.

"incur" has the meaning set forth in Section 4.08.

"Indebtedness" means with respect to any Person, without duplication:

(1) all Obligations of such Person for borrowed money;

(2) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 90 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and any deferred purchase price represented by earn outs consistent with the Kratos' past practice);

(5) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction, whether or not then due;

(6) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below;

(7) all Obligations of any other Person of the type referred to in clauses (1) through (6) which are secured by any Lien on any property or asset of such Person, the amount of any such Obligation being deemed to be the lesser of the Fair Market Value of the property or asset securing such Obligation or the amount of such Obligation;

(8) all Interest Swap Obligations and all Obligations under Currency Agreements of such Person; and

(9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Capital Stock, such Fair Market Value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock.

"Indemnified Party" has the meaning set forth in Section 7.07.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof.

"Indenture Documents" means, collectively, this Indenture, the Notes, the Guarantees, and the Collateral Agreements.

"Indenture Obligations" means all Obligations in respect of the Notes or arising under this Indenture Documents. Indenture Obligations shall include all interest accrued (or which would, absent the commencement of an insolvency or liquidation proceeding, accrue) after the commencement of an insolvency or liquidation proceeding in accordance with and at the rate specified in the relevant Indenture

Document whether or not the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"Independent Financial Advisor" means a nationally-recognized accounting, appraisal or investment banking firm: (1) that does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in the Company; and (2) that, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

"Initial Notes" has the meaning set forth in the preamble to this Indenture.

"Initial Purchasers" means Jefferies & Company, Inc., KeyBanc Capital Markets Inc. and Oppenheimer & Co. Inc.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as that term is defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Interest Payment Date" means the stated maturity of an installment of interest on the Notes.

"Interest Swap Obligations" means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Intermediate Holdings" means Acquisition Co. Lanza Parent, a Delaware corporation.

"Investment" in any Person means any direct or indirect advance, loan (other than advances or extensions of trade credit to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition for value of Capital Stock, Indebtedness or other similar instruments issued by such Person. If the Company or any Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Subsidiary such that, after giving effect thereto, such Person is no longer a Subsidiary, any Investment by the Company or any Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time. The acquisition by the Company or any Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person at such time. Except as otherwise provided for herein, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

"Issue Date" means the date of original issuance of the Initial Notes.

"Kratos" means Kratos Defense & Security Solutions, Inc., a Delaware corporation.

"Legal Defeasance" has the meaning set forth in Section 8.01.

"Legal Holiday" has the meaning set forth in Section 11.07.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"Maturity Date" means June 1, 2017.

"Merger Agreement" means the Agreement and Plan of Merger, dated as of February 7, 2011, among Kratos, Acquisition Co. and Herley as in effect on the date thereof.

"Moody's" means Moody's Investor Services, Inc.

"Mortgages" means the mortgages, deeds of trust, deeds to secure Indebtedness or other similar documents securing Liens on the Premises as well as the other Collateral secured by and described in the mortgages, deeds of trust, deeds to secure Indebtedness or other similar documents.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by the Company or any of its Subsidiaries from such Asset Sale net of:

(1) reasonable out-of-pocket costs, commissions, expenses and fees incurred by the Company or such Subsidiary, as the case may be, in connection with such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) all taxes and other costs and expenses actually paid or estimated in good faith by the Company or such Subsidiary, as the case may be, to be payable in cash in connection with such Asset Sale;

(3) repayment of Indebtedness that is secured by the property or assets that are the subject of such Asset Sale and is required to be repaid in connection with such Asset Sale; and

(4) appropriate amounts to be provided by the Company or such Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale *provided , however*, that if, after the payment of all taxes with respect to such Asset Sale, the amount of estimated taxes, if any, pursuant to clause (2) above exceeded the tax amount actually paid in cash in respect of such Asset Sale, the aggregate amount of such excess shall, at such time, constitute Net Cash Proceeds.

"Net Proceeds Offer" shall have the meaning set forth in Section 4.11.

"Net Proceeds Offer Amount" shall have the meaning set forth in Section 4.11.

"Net Proceeds Offer Payment Date" shall have the meaning set forth in Section 4.11.

"Net Proceeds Offer Trigger Date" shall have the meaning set forth in Section 4.11.

"Non-U.S. Person" means a Person who is not a U.S. person, as defined in Regulation S.

"Notes" shall have the meaning set forth in the preamble to this Indenture and means the Initial Notes and the Exchange Notes treated as single class of securities, as amended or supplemental from time to time in accordance with the terms hereof, that are issued pursuant to this Indenture.

"Obligations" means all obligations for principal, premium, interest, Additional Interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Initial Notes hereunder.

"Offering Memorandum" means that certain confidential Offering Memorandum dated March 22, 2011 pursuant to which the Company offered the Initial Notes.

"Officer" means the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of the Company.

"Officers' Certificate" means a certificate signed by two Officers of the Company, at least one of whom shall be the principal financial officer of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel who shall be reasonably acceptable to the Trustee.

"Paying Agent" has the meaning set forth in Section 2.03.

"Permitted Business" has the meaning ascribed thereto in the Existing Kratos Indenture (as defined in the definition of the term "Stage II Notes" below).

"Permitted Indebtedness" means, without duplication, each of the following:

(1) Indebtedness of the Company, Herley and their respective Subsidiaries outstanding on the Issue Date;

(2) Interest Swap Obligations of the Company or any Subsidiary of the Company covering Indebtedness of the Company or such Subsidiary; *provided*, *however*, that such Interest Swap Obligations are entered into for the purpose of fixing or hedging interest rates with respect to any fixed or variable rate Indebtedness that is permitted by this Indenture to be outstanding to the extent that the notional amount of any such Interest Swap Obligation does not exceed the principal amount of Indebtedness to which such Interest Swap Obligation relates;

(3) Indebtedness under Currency Agreements; *provided* that in the case of Currency Agreements which relate to Indebtedness of the Company or any Subsidiary of the Company, such Currency Agreements do not increase the Indebtedness of the Company or such Subsidiary outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(4) intercompany Indebtedness of the Company or any Subsidiary for so long as such Indebtedness is held by the Company or any Subsidiary; *provided*, that (a) if owing by the Company or any Guarantor, such Indebtedness shall be unsecured and contractually subordinated in all respects (other than with respect to the maturity thereof) to the Obligations of the Company under the Notes and the other Indenture Documents or such Guarantor under its Guarantee and the other Indenture Documents, as the case may be, and (b) if as of any date any Person other than the Company or a Subsidiary owns or holds

any such Indebtedness or holds a Lien in respect of such Indebtedness (other than Permitted Liens of the type described in clause (17) or (19) of the definition thereof), such date shall be deemed the incurrence of Indebtedness not permitted under this clause (4) by the issuer of such Indebtedness;

(5) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of such incurrence;

(6) Indebtedness of the Company or any of its Subsidiaries in respect of or represented by letters of credit issued for the account of the Company or such Subsidiary, as the case may be, that are issued in support of, or to provide security for, (a) trade obligations or (b) any other liabilities (including workers' compensation claims and payment obligations in connection with self-insurance or similar requirements but excluding any liabilities in respect of borrowed money or any other Indebtedness), in each case, in the ordinary course of business;

(7) obligations of the Company or any of its Subsidiaries in respect of performance, bid and surety bonds and completion guarantees provided by the Company or any such Subsidiary in the ordinary course of business;

(8) Indebtedness represented by Capitalized Lease Obligations and Purchase Money Indebtedness (including Capitalized Lease Obligations or Purchase Money Indebtedness arising in connection with a sale and leaseback transaction) of the Company and its Subsidiaries incurred in the ordinary

course of business (including Refinancings thereof that do not result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (*plus* the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and *plus* the amount of reasonable expenses incurred by the Company in connection with such Refinancing)) not to exceed $5.0 million at any time outstanding;

(9) Refinancing Indebtedness;

(10) Indebtedness represented by guarantees by the Company or a Subsidiary of Indebtedness incurred by the Company or a Subsidiary so long as the incurrence of such Indebtedness by the Company or any such Subsidiary is otherwise permitted by the terms of this Indenture;

(11) Indebtedness arising from agreements of the Company or a Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and the Subsidiary in connection with such disposition;

(12) Indebtedness under Commodity Agreements; *provided* that such Commodity Agreements are entered into in the ordinary course of the Company's or its Subsidiaries' businesses, not for speculative purposes and otherwise in compliance with this Indenture;

(13) Indebtedness under the Notes issued in the offering described in the Offering Memorandum or in the Exchange Offer in an aggregate outstanding principal amount not to exceed $285.0 million and the related Guarantees; and

(14) additional Indebtedness of the Company and its Subsidiaries in an aggregate principal amount not to exceed $2.5 million at any time outstanding.

For purposes of determining compliance with Section 4.08, (a) the outstanding principal amount of any item of Indebtedness shall be counted only once and (b) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (14) above, the Company will be permitted, in its sole discretion, to classify (or later reclassify) such item of Indebtedness in any manner that complies with such Section. Accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Capital Stock in the form of additional shares of the same class of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of Section 4.08.

"Permitted Investments" means:

(1) Investments by the Company or Acquisition Co. in Herley pursuant to the Merger Agreement;

(2) Investments in the Company by any Subsidiary of the Company;

(3) Investments in any Foreign Subsidiary by any other Foreign Subsidiary;

(4) Investments in cash and Cash Equivalents;

(5) Commodity Agreements, Currency Agreements and Interest Swap Obligations entered into in the ordinary course of the Company's or its Subsidiaries' businesses, not for speculative purposes and otherwise in compliance with this Indenture;

(6) Investments in the Notes;

(7) Investments in securities of trade creditors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers in exchange for claims against such trade creditors or customers;

(8) Investments held by the Company, Herley and their respective Subsidiaries on the Issue Date;

(9) loans and advances, including advances for travel and moving expenses, to employees, officers and directors of the Company and its Subsidiaries in the ordinary course of business for bona fide business purposes not in excess of $1.0 million at any one time outstanding;

(10) advances and extensions of trade credit to suppliers and customers in the ordinary course of business that are recorded as accounts receivable; and

(11) additional Investments in an aggregate amount not to exceed $2.5 million at any time outstanding.

"Permitted Liens" means the following types of Liens:

(1) Liens for taxes, assessments or governmental charges or claims either (a) not delinquent or (b) contested in good faith by appropriate proceedings and as to which the Company or its Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law or pursuant to customary reservations or retentions of title incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(4) any judgment Lien not giving rise to an Event of Default;

(5) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(6) any interest or title of a lessor under any Capitalized Lease Obligation permitted pursuant to clause (10) of the definition of "Permitted Indebtedness;" *provided* that such Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;

(7) Liens securing Purchase Money Indebtedness permitted pursuant to clause (8) of the definition of "Permitted Indebtedness;" *provided*, *however*, that (a) the Indebtedness shall not exceed the cost of the property or assets acquired, together, in the case of real property, with the cost of the construction thereof and improvements thereto, and shall not be secured by a Lien on any property or assets of the Company or any Subsidiary of the Company other than such property or assets so acquired or constructed and improvements thereto and (b) the Lien securing such Indebtedness shall be created within 180 days of such acquisition or construction or, in the case of a refinancing of any Purchase Money Indebtedness, within 180 days of such refinancing;

(8) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(9) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(10) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of its Subsidiaries, including rights of offset and set-off;

(11) Liens securing Interest Swap Obligations which Interest Swap Obligations relate to Indebtedness that is otherwise permitted under this Indenture;

(12) Liens securing Indebtedness under Currency Agreements and Commodity Agreements that are permitted under this Indenture;

(13) Liens securing Acquired Indebtedness incurred in accordance with Section 4.08; *provided* that:

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Company or a Subsidiary of the Company and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by the Company or a Subsidiary of the Company; and

(b) such Liens do not extend to or cover any property or assets of the Company or of any of its Subsidiaries other than the property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Subsidiary of the Company and are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by the Company or a Subsidiary of the Company;

(14) Liens arising from precautionary UCC filings regarding operating leases or consigned products or consigned merchandise to the extent such Liens only relate to the assets, property, products or merchandise that are the subject of such lease or consignment, as the case may be;

(15) any interest or title of a lessor or sublessor under any operating lease;

(16) Liens existing as of the Issue Date on assets of the Company, Herley and their respective Subsidiaries and securing Permitted Indebtedness described in clause (1) of the definition thereof to the extent and in the manner such Liens are in effect on the Issue Date;

(17) Liens securing the Notes and all other monetary obligations under this Indenture, the Guarantees and the other Indenture Documents;

(18) Liens securing Refinancing Indebtedness which is incurred to Refinance any Indebtedness which has been secured by a Permitted Lien and which has been incurred in accordance with Section 4.08 provisions of this Indenture; provided, however, that such Liens: (i) are no less favorable to the Holders and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and (ii) do not extend to or cover any property or assets of the Company or any of its Subsidiaries not securing the Indebtedness so Refinanced;

(19) Liens securing Indebtedness of Foreign Subsidiaries to the extent such Indebtedness is permitted under Section 4.08, *provided*, that no asset of the Company or any Guarantor shall be subject to any such Lien;

(20) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to Obligations in an aggregate principal amount that does not exceed $1.0 million at any one time outstanding and that (A) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (B) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Company or such Subsidiary; and

(21) Liens in favor of the Company or any of its Subsidiaries.

"Person" means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Physical Notes" has the meaning set forth in Section 2.14.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"Premises" has the meaning set forth in Section 4.17.

"principal" of any Indebtedness (including the Notes) means the principal amount of such Indebtedness plus the premium, if any, on such Indebtedness.

"Private Placement Legend" means the legend set forth on the Initial Notes in the form set forth in Exhibit A.

"Public Equity Offering" means an underwritten public offering of Common Stock of the Company or any holding company of the Company pursuant to a registration statement filed with the SEC (other than on Form S-8).

"Purchase Money Indebtedness" means Indebtedness of the Company and its Subsidiaries incurred (including pursuant to a sale and leaseback transaction) for the purpose of financing all or any part of the purchase price, or the cost of installation, construction or improvement, of property or equipment, *provided*, that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"QIB Global Notes" has the meaning set forth in Section 2.01.

"Qualified Capital Stock" means any Capital Stock that is not Disqualified Capital Stock.

"Record Date" means any of the Record Dates specified in the Notes, whether or not a Legal Holiday.

"Redemption Price" means, when used with respect to any Note to be redeemed, the price fixed for redemption pursuant to this Indenture and the Notes.

"Redemption Date" has the meaning set forth in Section 3.01(a).

"Reference Date" has the meaning set forth in Section 4.09.

"Refinance" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means any Refinancing by the Company or any Subsidiary of the Company of Indebtedness incurred in accordance with Section 4.08 (other than pursuant to Permitted Indebtedness) or clauses (1) (other than $2.0 million of Indebtedness of Herley that is to be repaid on May 2, 2011 as described under the section entitled "Transactions — Repayment of Herley Debt" of the Offering Memorandum), (9) or (13) of the definition of Permitted Indebtedness, in each case that does not:

(1) have an aggregate principal amount (or, if such Indebtedness is issued with original issue discount, an aggregate offering price) greater than the sum of (x) the aggregate principal amount of the Indebtedness being Refinanced (or, if such Indebtedness being Refinanced is issued with original issue discount, the aggregate accreted value) as of the date of such proposed Refinancing *plus* (y) the amount of fees, expenses, premium, defeasance costs and accrued but unpaid interest relating to the Refinancing of such Indebtedness being Refinanced;

(2) create Indebtedness with: (a) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or (b) a final maturity earlier than the final maturity of the Indebtedness being Refinanced;

(3) affect the security, if any, for such Refinancing Indebtedness (except to the extent that less security is granted to holders of such Refinancing Indebtedness);

(4) if such Indebtedness being Refinanced is subordinate or junior by its terms to the Notes, then such Refinancing Indebtedness shall be subordinate by its terms to the Notes at least to the same extent and in the same manner as the Indebtedness being Refinanced; and

(5) shall not include Indebtedness of a Subsidiary of the Company that is not a Guarantor that refinances Indebtedness of the Company or a Subsidiary that is a Guarantor.

"Register" has the meaning set forth in Section 2.03.

"Registrar" has the meaning set forth in Section 2.03.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the Issue Date, between Intermediate Holdings, the Guarantors, Kratos as issuer under the Stage II Indenture, the guarantors under the Stage II Indenture and the Initial Purchasers, as the same may be amended

or modified from time to time in accordance with the terms thereof.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Permanent Global Note" means a permanent Global Note in registered form, substantially in the form set forth in Exhibit A, deposited with the Trustee, as custodian for the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided and bearing the legend set forth in Exhibit C, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" means a temporary Global Note in registered form, substantially in the form set forth in Exhibit A, deposited with the Trustee, as custodian for the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided and bearing the legend set forth in Exhibit C, issued in a denomination equal to the outstanding principal amount of the Initial Notes initially sold in reliance on Rule 903 of Regulation S.

"Restricted Payment" has the meaning set forth in Section 4.09.

"Restricted Period" means the 40-day distribution compliance period as defined in Regulation S.

"Restricted Security" has the meaning assigned to such term in Rule 144(a)(3) under the Securities Act; *provided* that the Trustee shall be entitled to conclusively rely on an Opinion of Counsel with respect to whether any Note constitutes a Restricted Security.

"Rule 144A" means Rule 144A under the Securities Act.

"S&P" means Standard & Poor's Ratings Group.

"SEC" means the Securities and Exchange Commission.

"Secured Parties" has the meaning set forth in the Security Agreement.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Security Agreement" means the Security Agreement, dated as of the Issue Date, made by the Company and the Guarantors in favor of the Collateral Agent, as amended or supplemented from time to time in accordance with its terms.

"Significant Subsidiary" with respect to any Person, means any Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1-02(w) of Regulation S-X under the Exchange Act.

"Stage II Notes" means 10% Senior Secured Notes due 2017 to be issued as Additional Notes under and as defined in that certain indenture, dated as of May 19, 2010 (the "Stage II Indenture" or the "Existing Kratos Indenture"), among Kratos, its Domestic Subsidiaries that are guarantors thereunder and Wilmington, as trustee (in such capacity, the "Stage II Trustee") and collateral agent (in such capacity, the "Stage II Collateral Agent").

"Subsidiary" with respect to any Person, means:

(1) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person; or

(2) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"Surviving Entity" shall have the meaning set forth in Section 5.01.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb) as amended, as in effect on the date of this Indenture.

"Treasury Rate" means, with respect to a Redemption Date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity) that has become publicly available at least two Business Days prior to such Redemption Date (or, if such Statistical Release (or any successor release) is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to June 1, 2014; *provided, however*, that if the period from such Redemption Date to June 1, 2014 is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from

such Redemption Date to June 1, 2014 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Trust Officer" when used with respect to the Trustee or the Collateral Agent, means any officer or authorized representative of the Trustee or the Collateral Agent, as applicable, within the corporate trust office of the Trustee or the Collateral Agent, as applicable, with direct responsibility for the

administration of this Indenture and/or the Collateral Agreements and also, with respect to a particular matter, any other officer of the Trustee or the Collateral Agent, as applicable, to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject.

"Trustee" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions of this Indenture and thereafter means such successor.

"U.S. Government Obligations" means direct obligations of, and obligations guaranteed by, the United States of America for the payment of which the full faith and credit of the United States of America is pledged.

"U.S. Legal Tender" means such coin or currency of the United States which, as at the time of payment, shall be immediately available legal tender for the payment of public and private debts.

"U.S. Person" means a Person who is a U.S. person as defined in Regulation S.

"Voting Stock" means, with respect to any Person, securities of any class or classes of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (1) the then outstanding aggregate principal amount of such Indebtedness into (2) the sum of the total of the products obtained by multiplying:

(A) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by

(B) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person of which all the outstanding Capital Stock (other than in the case of a Foreign Subsidiary, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person.

SECTION 1.02. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in, and made a part of, this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means each of the Company or any other obligor on the Notes.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.03. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and words in the plural include the singular;

(5) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(6) when the words "includes" or "including" are used herein, they shall be deemed to be followed by the words "without limitation;"

(7) all references to Sections or Articles refer to Sections or Articles of this Indenture unless otherwise indicated; and

(8) unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Indenture shall have such meanings when used in each other Indenture Document.

ARTICLE TWO

SECTION 2.01. Form and Dating.

The Initial Notes and the Trustee's certificate of authentication thereon shall be substantially in the form of Exhibit A hereto ("Global Notes"). The Exchange Notes and the Trustee's certificate of authentication thereon shall be substantially in the form of Exhibit B hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or the Depository rule or usage. The Company shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its authentication.

The terms and provisions contained in the forms of the Notes annexed hereto as Exhibit A and Exhibit B shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Notes originally sold to QIBs shall be issued initially in the form of one or more permanent global notes in registered form, substantially in the form set forth in Exhibit A (the "QIB Global Notes"), deposited with the Trustee, as custodian for the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided and shall bear the legend set forth in Exhibit C.

Notes issued to Institutional Accredited Investors as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act shall be issued initially in the form of one or more permanent global notes in registered form, substantially in the form set forth in Exhibit A (the "IAI Global Notes"), deposited with the Trustee, as custodian for the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided and shall bear the legend set forth in Exhibit C.

Notes offered and sold in offshore transactions in reliance on Regulation S shall be issued initially in the form of one or more Regulation S Temporary Global Notes, registered in the name of the Depository or the nominee of the Depository for the accounts of designated agents holding on behalf of Euroclear or Clearstream.

Following the termination of the Restricted Period, beneficial interests in a Regulation S Temporary Global Note will be exchanged for beneficial interests in a Regulation S Permanent Global Note pursuant to the Applicable Procedures. Simultaneously with the authentication of a Regulation S Permanent Global Note, the Trustee will cancel the related Regulation S Temporary Global Note.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Temporary Global Notes and the Regulation S Permanent Global Notes that are held by participants through Euroclear or Clearstream.

The aggregate principal amount of any Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository, as hereinafter provided.

The definitive Notes shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Notes may be listed, all as determined by the Officer executing such Notes, as evidenced by their execution of such Notes.

SECTION 2.02. Execution and Authentication; Aggregate Principal Amount.

An Officer shall sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note was an Officer at the time of such execution but no longer holds that office or position at the time the Trustee authenticates the Note, the Note shall nevertheless be valid.

A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The aggregate principal amount of Notes that the Company may issue under this Indenture is limited to $285.0 million.

The Trustee shall authenticate (i) Initial Notes for original issue in the aggregate principal amount not to exceed $285.0 million and (ii) Exchange Notes from time to time for issue only in an Exchange Offer for a like principal amount of Initial Notes, in each case, upon written orders of the Company in the form of an Officers' Certificate. In addition, each Officers' Certificate shall specify the amount of Notes to be authenticated and the date on which the Notes are to be authenticated and whether the Notes are to

be Initial Notes or Exchange Notes. All Notes issued under this Indenture shall vote and consent together on all matters as one class and no series of Notes shall have the right to vote or consent as a separate class on any matter.

The Trustee may appoint an authenticating agent (the "Authenticating Agent") reasonably acceptable to the Company to authenticate Notes. Unless otherwise provided in the appointment, an Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such Authenticating Agent. An Authenticating Agent has the same rights as an Agent to deal with the Company and Affiliates of the Company.

The Notes shall be issuable in fully registered form only, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

SECTION 2.03. Registrar and Paying Agent.

The Company shall maintain an office or agency which shall initially be the office of the Trustee, where (a) Notes may be presented or surrendered for registration of transfer or for exchange (the "Registrar") and (b) Notes may be presented or surrendered for payment (the "Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange (the "Register"). The Company, upon prior written notice to the Trustee, may have one or more co-Registrars and one or more additional Paying Agents reasonably acceptable to the Trustee. The term "Paying Agent" includes any additional Paying Agent. Neither the Company nor any Affiliate of the Company may act as Paying Agent.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which agreement shall incorporate the provisions of the TIA and implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee in writing, in advance, of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such.

The Company initially appoints the Trustee as Registrar and Paying Agent in connection with the Notes. The Paying Agent or Registrar may resign upon thirty (30) days' written notice to the Company.

SECTION 2.04. Obligations of Paying Agent.

The Company shall require each Paying Agent other than the Trustee to agree in writing that such Paying Agent shall hold separate and apart from, and not commingle with any other properties, for the benefit of the Holders or the Trustee, all assets held by the Paying Agent for the payment of principal of, or interest or Additional Interest, if any, on, the Notes (whether such assets have been distributed to it by the Company or any other obligor on the Notes), and the Company and the Paying Agent shall notify the Trustee in writing of any Default by the Company (or any other obligor on the Notes) in making any such payment. The Company at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed and the Trustee may at any time during the continuance of any payment Default, upon written request to a Paying Agent, require such Paying Agent to distribute all assets held by it to the Trustee and to account for any assets distributed. Upon receipt by the Trustee of all assets that shall have been delivered by the Company to the Paying Agent, the Paying Agent shall have no further liability for such assets.

SECTION 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish or cause the Registrar to furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing a list as of such date and in such form as the Trustee may reasonably request of the names and addresses of the Holders, which list may be conclusively relied upon by the Trustee.

SECTION 2.06. Transfer and Exchange.

Subject to the provisions of Section 2.14 and 2.15, when Notes are presented to the Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar or co-Registrar shall register the transfer or make the exchange as requested; *provided, however*, that the Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Company and the Registrar or co-Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing and such other documents as the Registrar or co-Registrar may reasonably require. To permit registrations of transfers and exchanges, the Company shall issue and the Trustee shall authenticate Notes at the Registrar's or co-Registrar's request. No service charge shall be made for any registration of transfer or exchange, but the Company or the Trustee may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchanges or transfers pursuant to Section 2.10, 3.06, 4.10, 4.11 or 9.05, in which event the Company shall be responsible for the payment of such taxes).

The Registrar or co-Registrar shall not be required to register the transfer or exchange of any Note (i) during a period beginning at the opening of business fifteen (15) days before the mailing of a notice of redemption of Notes and ending at the close of business on the day of such mailing and (ii) selected for redemption in whole or in part pursuant to Article Three, except the unredeemed portion of any Note being redeemed in part.

Any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through the Depository, in accordance with this Indenture and the Applicable Procedures.

SECTION 2.07. Replacement Notes.

If a mutilated Note is surrendered to the Trustee or if the Holder of a Note claims in writing that the Note has been lost, destroyed or wrongfully taken, then, in the absence of written notice to the Company upon its request or the Trustee that such Note has been acquired by a protected purchaser, the Company shall issue and the Trustee shall authenticate a replacement Note of like tenor and principal amount and bearing a number not contemporaneously outstanding. Except with respect to mutilated Notes, such Holder must provide an affidavit of lost certificate and an indemnity bond or other indemnity, sufficient in the judgment of both (i) the Trustee to protect the Trustee and (ii) the Company to protect the Company, the Trustee or any Agent from any loss which any of them may suffer if a Note is replaced. The Company may charge such Holder for its reasonable out-of-pocket expenses in replacing a Note, including reasonable fees and expenses of its counsel and of the Trustee and its counsel. In case any mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Company in its discretion may pay such Note instead of issuing a new Note in replacement thereof.

Every replacement Note shall constitute an additional obligation of the Company, entitled to the benefits of this Indenture.

SECTION 2.08. Outstanding Notes.

Notes outstanding at any time are all the Notes that have been authenticated by the Trustee except those cancelled by it, those delivered to it for cancellation and those described in this Section 2.08 as not outstanding. Subject to the provisions of Section 2.09, a Note does not cease to be outstanding because the Company or any of its Affiliates holds the Note.

If a Note is replaced pursuant to Section 2.07 (other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement thereof pursuant to Section 2.07.

If on a Redemption Date or the Maturity Date the Paying Agent holds U.S. Legal Tender or U.S. Government Obligations sufficient to pay all of the principal and interest and Additional Interest, if and, due on the Notes payable on that date and is not prohibited from paying such money to the Holders thereof pursuant to the terms of this Indenture, then on and after that date such Notes cease to be outstanding and interest and Additional Interest, if applicable, on them ceases to accrue.

SECTION 2.09. Treasury Notes; When Notes Are Disregarded.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver, consent or notice, Notes owned by the Company or any of its Affiliates shall be considered as though they are not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which a Trust Officer of the Trustee actually knows are so owned shall be so considered. Notes so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes the pledgee's right so to act with respect to such Notes and that the pledgee is not one of the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor.

SECTION 2.10. Temporary Notes.

Until definitive Notes are ready for delivery, the Company may prepare and execute and the Trustee shall authenticate temporary Notes upon receipt of a written order of the Company in the form of an Officers' Certificate. The Officers' Certificate shall specify the amount of temporary Notes to be authenticated and the date on which the temporary Notes are to be authenticated. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company consider appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate upon receipt of a written order of the Company pursuant to Section 2.02 definitive Notes in exchange for temporary Notes. Until so exchanged, the temporary Notes shall be entitled to the same benefits under this Indenture as definitive Notes.

SECTION 2.11. Cancellation.

The Company at any time may deliver Notes previously authenticated hereunder which the Company has acquired in any lawful manner, to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for transfer, exchange or payment. The Trustee, or at the direction of the Trustee, the Registrar or the Paying Agent, and no one else, shall cancel all Notes surrendered for transfer, exchange, payment or cancellation. Subject to

Section 2.07, the Company may not issue new Notes to replace Notes that it has paid or delivered to the Trustee for cancellation. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.11. The Trustee shall dispose of all cancelled Notes in accordance with customary procedures or, at the written request of the Company, shall return the same to the Company (unless applicable law or the Trustee's procedures requires the Trustee to retain possession of such cancelled Notes).

SECTION 2.12. CUSIP Numbers.

A "CUSIP" number shall be printed on the Notes, and the Trustee shall use the CUSIP number in notices of redemption, purchase or exchange as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Notes and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee in writing of any change in the CUSIP number.

SECTION 2.13. Deposit of Moneys.

Prior to 11:00 a.m. New York City time on each Interest Payment Date and the Maturity Date, the Company shall deposit with the Paying Agent U.S. Legal Tender sufficient to make cash payments, if any, due on such Interest Payment Date or the Maturity Date, as the case may be.

SECTION 2.14. Book-Entry Provisions for Global Notes.

(a) The Global Notes initially shall (i) be registered in the name of the Depository or the nominee of the Depository, (ii) be delivered to the Trustee as custodian for the Depository and (iii) bear legends as set forth in Exhibit C.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depository, or the Trustee as its custodian, or under any Global Note, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

(b) Transfers of the Global Notes shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective nominees. Interests of beneficial owners in the Global Notes may be transferred or exchanged in accordance with the Applicable Procedures of the

Depository and the provisions of Section 2.15; *provided, however,* that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person. In addition, Notes in the form of certificated Notes in registered form in substantially the form set forth in Exhibit A hereto (the "Physical Notes") shall be transferred to all beneficial owners in exchange for their beneficial interests in the Global Notes if (i) the Depository notifies the Company that it is unwilling or unable to continue as depository for the Global Notes and a successor Depository is not appointed by the Company within ninety (90) days of such notice or (ii) an Event of Default has occurred and is continuing and the Registrar has received a request from the Depository to issue Physical Notes; *provided* that a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Physical Note or transferred to a Person who takes delivery

thereof in the form of a Physical Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(c) Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note shall, upon transfer, cease to be an interest in such Global Note and become a beneficial interest in such other Global Note and, accordingly, shall thereafter be subject to all transfer restrictions, if any, and other procedures applicable to a beneficial interest in such other Global Notes for as long as it remains such an interest.

(d) In connection with any transfer or exchange of a portion of the beneficial interest in the Global Note to beneficial owners pursuant to clause (b) of this Section 2.14, the Registrar shall (if one or more Physical Notes are to be issued) reflect on its books and records the date and a decrease in the principal amount of the Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Physical Notes of like tenor and aggregate principal amount.

(e) In connection with the transfer of an entire Global Note to beneficial owners pursuant to clause (b) of this Section 2.14, the Global Notes shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in the Global Notes, an equal aggregate principal amount of Physical Notes of authorized denominations.

At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Physical Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement will made on such Global Notes by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(g) Any Physical Note constituting a Restricted Security delivered in exchange for an interest in the Global Note pursuant to clause (b) or (c) shall, except as otherwise provided by clauses (a)(i)(x) and (c) of Section 2.15, bear the legend regarding transfer restrictions applicable to the Physical Notes set forth in Exhibit A.

(h) The Holder of a Global Note may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

SECTION 2.15. Special Transfer Provisions.

(a) Transfers to Non-QIB Institutional Accredited Investors and Non-U.S. Persons. The following provisions shall apply with respect to the registration of any proposed transfer of a Note constituting a Restricted Security to any Institutional Accredited Investor which is not a QIB or to any Non-U.S. Person:

(i) the Registrar shall register the transfer of any Note constituting a Restricted Security, whether or not such Note bears the Private Placement Legend, if (x) the requested transfer is after March 25, 2012 or (y) (1) in the case of a transfer to an Institutional Accredited Investor which is not a QIB (excluding Non-U.S. Persons), the proposed transferee has delivered to the Registrar a certificate substantially in the form of Exhibit D hereto or (2) in the case of a transfer to a Non-U.S. Person, the proposed transferor has delivered to the Registrar a certificate substantially in the form of Exhibit E hereto; and

(ii) if the proposed transferor is an Agent Member holding a beneficial interest in the Global Note, upon receipt by the Registrar of (x) the certificate, if any, required by clause (i) above and (y) instructions given in accordance with the Applicable Procedures and the Registrar's procedures,

whereupon (1) the Registrar shall reflect on its books and records the date and (if the transfer does not involve a transfer of outstanding Physical Notes) a decrease in the principal amount of the Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and (2) the Company shall execute and the Trustee shall authenticate and deliver one or more Physical Notes of like tenor and principal amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of a Note constituting a Restricted Security to a QIB (excluding transfers to Non-U.S. Persons):

(i) the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on the form of Note stating, or has otherwise advised the Company and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Note stating, or has otherwise advised the Company and the Registrar in writing, that it is purchasing the Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has

received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; and

(ii) if the proposed transferee is an Agent Member, and the Notes to be transferred consist of Physical Notes which after transfer are to be evidenced by an interest in the Global Note, upon receipt by the Registrar of instructions given in accordance with the Applicable Procedures and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note in an amount equal to the principal amount of the Physical Notes to be transferred, and the Trustee shall cancel the Physical Notes so transferred.

(c) Private Placement Legend. Upon the transfer, exchange or replacement of Notes not bearing the Private Placement Legend, the Registrar shall deliver Notes that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Notes bearing the Private Placement Legend, the Registrar shall deliver only Notes that bear the Private Placement Legend unless (i) the circumstance contemplated by clause (a)(i)(x) of this Section 2.15 exists or (ii) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Company to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act. The Registrar shall not register a transfer of any Note unless such transfer complies with the restrictions on transfer of such Note set forth in this Indenture. In connection with any transfer of Notes, each Holder agrees by its acceptance of the Notes to furnish the Registrar or

the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; *provided* that the Registrar shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

(d) General. By its acceptance of any Note bearing the Private Placement Legend, each Holder of such a Note acknowledges the restrictions on transfer of such Note set forth in this Indenture and in the Private Placement Legend and agrees that it shall transfer such Note only as provided in this Indenture.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.14 or this Section 2.15. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Agent Members or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depository.

SECTION 2.16. Transfers of Global Notes and Physical Notes.

A transfer of a Global Note or a Physical Note (including the right to receive principal and interest and Additional Interest, if any, payable thereon) may be made only by the Registrar's entering the transfer in the Register. Prior to such entry, the Company shall treat the person in whose name such Note is registered as the owner of the Note for all purposes.

ARTICLE THREE

REDEMPTION

SECTION 3.01. Redemption.

(a) Optional Redemption on or after June 1, 2014. Except as described in Sections 3.01(b) and (c), the Notes are not redeemable before June 1, 2014. At any time on or after June 1, 2014, the Company may redeem the Notes, at its option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on June 1, of each year set forth below, *plus*, in each case, accrued and unpaid interest and Additional Interest, if any, thereon to the date of redemption or purchase (the "Redemption Date"):

Year	Percentage
2014	105.000%
2015	102.500%
2016 and each year thereafter	100.000%

In addition, the Company must pay accrued and unpaid interest and Additional Interest, if any, on the Notes redeemed.

(b) Optional Redemption Upon Equity Offerings. At any time, or from time to time, on or prior to June 1, 2013, the Company may, at its option, use an amount not to exceed the net cash proceeds of one or more Equity Offerings to redeem up to 35% of the aggregate principal amount of the Notes originally issued under this Indenture at a redemption price of 110% of the aggregate principal amount thereof, *plus* accrued and unpaid interest and Additional Interest, thereon, if any, to the Redemption Date; *provided* that

(1) at least 65% of the aggregate principal amount of the Notes originally issued under this Indenture shall remain outstanding immediately after such Redemption Date; and

(2) the Company makes such redemption not more than 120 days after the consummation of any such Equity Offering.

(c) Optional Redemption Prior to June 1, 2014. At any time prior to June 1, 2014, Notes may be redeemed or purchased by the Company in whole or in part, at the Company's option at a price equal to 100% of the principal amount thereof *plus* the Applicable Premium as of, and accrued and unpaid interest and Additional Interest, if any, to the Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date).

(d) Notice of Redemption. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to the Trustee and to each Holder to be redeemed at its registered address. If Notes are to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in the Global Notes will be made).

Except as set forth in this Indenture, if monies for the redemption of the Notes called for redemption shall have been deposited with the Paying Agent for redemption on such Redemption Date sufficient to pay such Redemption Price plus accrued and unpaid interest and Additional Interest, if any, the Notes called for redemption will cease to bear interest from and after such Redemption Date, and the only remaining right of the Holders of such Notes will be to receive payment of the Redemption Price plus accrued and unpaid interest and Additional Interest, if any, as of the Redemption Date upon surrender to the Paying Agent of the Notes redeemed.

(e) Mandatory Redemption. Except as set forth below under clause (i) ("*Special Redemption*") or (ii) ("*Stage II Notes Exchange Redemption*"), the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

(i) *Special Redemption*. If the Herley Acquisition shall not have occurred on or prior to the Acquisition Deadline Date (or the Herley Acquisition shall have been terminated or abandoned prior to such date), the Company shall, no later than the sixth day following the Acquisition Deadline Date (or in the case where the Herley Acquisition shall have been

terminated or abandoned prior to the Acquisition Deadline Date, no later than the date that is the earlier of (x) the date that is the 30th day following the date of such termination or abandonment and (y) the sixth day following the Acquisition Deadline Date), give the Trustee and the Holders at least five Business Days' (but no more than 10 Business Days') prior written notice of a special redemption by telecopier, courier or first-class mail to the Trustee's Corporate Trust Office and each Holder's registered address and redeem all of the Notes then outstanding (the "Special Redemption") at a redemption price equal to 107% of the aggregate principal amount thereof, together with accrued but unpaid interest (including, for the avoidance of doubt, pre-issuance interest) thereon to the date of such redemption (the "Special Redemption Date") (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

The Company will pay, through the Paying Agent, such redemption price for all Notes together with accrued and unpaid interest to the Special Redemption Date. On and after the Special Redemption Date, interest will cease to accrue on Notes called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of such redemption price pursuant to this Indenture.

(ii) *Stage II Notes Exchange Redemption*. If the Herley Acquisition shall have occurred on or prior to the Acquisition Deadline Date, the Company shall give the Trustee and the Holders at least five Business Days' (but no more than 15 Business Days') prior written notice of a redemption by telecopier, courier or first-class mail to the Trustee's Corporate Trust Office and each Holder's registered address and redeem all of the Notes then outstanding (the "Stage II Notes Exchange Redemption") at a redemption price equal to 100% of the aggregate principal amount thereof. Notwithstanding anything to the contrary in any Note or any other Indenture Document, the consideration paid to each Holder on the date of such Stage II Notes Exchange Redemption (the "Exchange Redemption Date") to redeem its Notes shall only consist of Stage II Notes issued by Kratos (promptly following the merger of the Company with and into Kratos in accordance with the provisions under Section 5.01 in exchange for a like principal amount of such Notes and having the terms described under the section entitled "Description of the Stage II Notes" in the Offering Memorandum. Unless the Exchange Redemption Date is a scheduled Interest Payment Date for the Notes, the Company shall not be obligated to pay to any Holder any accrued and unpaid interest to the Exchange Redemption Date in connection with the Stage II Notes Exchange Redemption, which accrued and unpaid interest will be evidenced by the Stage II Notes issued to such Holder in exchange for its Notes (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

The Company will only pay such redemption price for any Note through the issuance of a Stage II Note having the same principal amount as such Note. On and after the Exchange Redemption Date, interest will cease to accrue on Notes called for redemption and the Notes and this Indenture will be deemed to have been satisfied and discharged in full as long as Kratos has issued to each Holder Stage II Notes in accordance with the preceding paragraph under this clause (ii).

Each Officers' Certificate provided for in this Section 3.01 shall be accompanied by an Opinion of Counsel stating that such redemption shall comply with the conditions contained herein and in the Notes.

SECTION 3.02. Selection of Notes to be Redeemed.

In the event that the Company chooses to redeem less than all of the Notes, selection of the Notes for redemption will be made by the Trustee either:

(1) in compliance with the requirements of the principal national securities exchange, if any, on which such Notes are listed; or

(2) if the Notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee may reasonably determine is fair and appropriate.

The Company shall provide the Trustee a period of at least 10 days to select the Notes to be redeemed prior to the date the notice of redemption is sent to Holders. If a partial redemption is made with the proceeds of an Equity Offering, the Trustee will select the Notes only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to the Depository's procedures), unless such method is otherwise prohibited. No Notes of a principal amount of $2,000 or less shall be redeemed in part and Notes of a principal amount in excess of $2,000 may be redeemed in part in multiples of $1,000 only.

The Trustee shall make the selection from the Notes outstanding and not previously called for redemption and shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount at maturity thereof, to be redeemed. The Trustee may select for redemption portions (equal to $2,000 in principal amount at maturity or an integral multiple of $1,000 in excess thereof) of the principal of Notes that have denominations larger than $2,000. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

SECTION 3.03. Notice of Redemption.

At least thirty (30) days but not more than sixty (60) days before the Redemption Date, the Company shall mail or cause to be mailed a notice of redemption by first class mail, postage prepaid, to each Holder whose Notes are to be redeemed at its registered address, with a copy to the Trustee and any Paying Agent. At the Company' written request delivered at least ten (10) days before the notice of redemption is to be given to the Holders (unless a shorter period shall be acceptable to the Trustee), the Trustee shall give the notice of redemption in the Company' name and at the Company' expense, provided that the Company's request to the Trustee contains the information listed in the following paragraph. Failure to give notice of redemption, or any defect therein to any Holder of any Note selected for redemption shall not impair or affect the validity of the redemption of any other Note.

Each notice of redemption shall identify the Notes to be redeemed and shall state:

(1) the Redemption Date;

(2) the Redemption Price and the amount of accrued interest and Additional Interest, if any, to be paid the Redemption Date;

(3) the name and address of the Paying Agent;

(4) the CUSIP number;

(5) the subparagraph of the Notes pursuant to which such redemption is being made;

(6) the place where such Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price plus accrued interest and Additional Interest, if any, to (but not including) the Redemption Date;

(7) that, unless the Company fails to deposit with the Paying Agent funds in satisfaction of the applicable Redemption Price, interest Additional Interest, if any, on Notes called for redemption ceases to accrue on and after the Redemption Date in accordance with Section 3.05, and the only remaining right of the Holders of such Notes is to receive payment of the Redemption Price plus accrued interest and Additional Interest, if any, to (but not including) the Redemption Date, upon surrender to the Paying Agent of the Notes redeemed;

(8) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date, and upon surrender of such Note, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof shall be issued; and

(9) if fewer than all the Notes are to be redeemed, the identification of the particular Notes (or portion thereof) to be redeemed, as well as the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption.

If any of the Notes to be redeemed is in the form of a Global Note, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depository applicable to redemption.

SECTION 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes or portions thereof called for redemption shall become irrevocably due and payable on the Redemption Date and at the Redemption Price plus accrued interest and Additional Interest, if any, to (but not including) the Redemption Date. Upon surrender to the Trustee or Paying Agent, such Notes or portions thereof called for redemption shall be paid at the Redemption Price plus accrued interest and Additional Interest, if any, thereon to (but not including) the Redemption Date, but installments of interest and Additional Interest, if applicable, the maturity of which is on or prior to the Redemption Date, shall be payable to Holders of record at the close of business on the relevant Record Dates referred to in the Notes.

SECTION 3.05. Deposit of Redemption Price.

Not later than 11:00 a.m. New York City time on the Redemption Date, the Company shall deposit with the Paying Agent U.S. Legal Tender sufficient to pay the Redemption Price plus accrued interest and Additional Interest, if any, to (but not including) the Redemption Date, of all Notes or portions thereof to be redeemed on that date.

The Paying Agent shall promptly return to the Company any U.S. Legal Tender so deposited which is not required for that purpose, except with respect to monies owed as obligations to the Trustee pursuant to Article Seven.

If the Company complies with this Section 3.05, then the Notes to be redeemed shall cease to accrue on and after the applicable Redemption Date, whether or not such Notes are presented for payment.

SECTION 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is to be redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Note or Notes equal in principal amount to the unredeemed portion of the Note surrendered.

ARTICLE FOUR

COVENANTS

SECTION 4.01. Payment of Notes.

The Company shall pay the principal of, premium, if any, and interest and Additional Interest, if any, on, the Notes on the dates and in the manner provided in the Notes and in this Indenture. An installment of principal of, premium, if any, and interest and Additional Interest, if any, on, the Notes shall be considered paid on the date it is due if the Trustee or Paying Agent (other than the Company or an Affiliate of the Company) holds as of 11:00 a.m. New York City time on that date U.S. Legal Tender designated for and sufficient to pay the installment in full and is not prohibited from paying such money to the Holders pursuant to the terms of this Indenture. The Company shall pay interest on overdue principal (including interest accruing at the then applicable rate provided in the Indenture Documents after the occurrence of any Event of Default set forth in Section 6.01(6) or (7) of this Indenture, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws) at 1% per annum in excess of the rate per annum set forth in the Notes (the "Default Rate"), and it shall pay interest on overdue installments of interest and Additional Interest, if any, at the same Default Rate to the extent lawful

Notwithstanding anything to the contrary contained in this Indenture, the Company may, to the extent it are required to do so by law, deduct or withhold income or other similar taxes imposed by the United States from principal or interest payments hereunder.

SECTION 4.02. Maintenance of Office or Agency.

The Company shall maintain the office or agency required under Section 2.03. The Company shall give prior written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations and surrenders may be made or served at the Corporate Trust Office and the Company hereby appoints the Trustee as its agent to receive all such presentations and surrenders.

SECTION 4.03. Corporate Existence.

Except as otherwise permitted by Article Four, Article Five and Article Ten, the Company shall do or cause to be done, at its own cost and expense, all things necessary to preserve and keep in full force and effect its corporate existence and the limited liability company or corporate existence of each of the Subsidiaries in accordance with the respective organizational documents of the Company and of each such Subsidiary and the material rights (charter and statutory) and franchises of the Company and each such Subsidiary; *provided, however*, that the Company shall not be required to preserve, with respect to themselves, any material right or franchise and, with respect to any of the Subsidiaries, any such existence, material right or franchise, if the Board of Directors of the Company shall determine in good

faith that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole.

SECTION 4.04. Payment of Taxes and Other Claims.

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all material taxes, assessments and governmental charges (including withholding taxes and any penalties, interest and additions to taxes) levied or imposed upon them or any of the Subsidiaries or their properties or any of the Subsidiaries' properties; *provided, however*, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being or shall be contested in good faith by appropriate proceedings diligently conducted for which adequate reserves, to the extent required under GAAP, have been taken.

SECTION 4.05. Maintenance of Properties and Insurance.

The Company shall, and shall cause each of its Subsidiaries to, maintain in good working order and condition in all material respects (subject to ordinary wear and tear) their properties that are used or useful in the conduct of their business and that are material to the conduct of such business, and make all necessary repairs, renewals, replacements, additions, betterments and improvements thereto; *provided, however*, that nothing in this Section 4.05 shall prevent the Company or any of its Subsidiaries from discontinuing the operation and maintenance of any of their properties if such discontinuance is desirable in the conduct of their businesses and is not disadvantageous in any material respect to the Holders, in each case as determined in the good faith judgment of the Board of Directors or other governing body of the Company or the Subsidiary concerned, as the case may be.

The Company shall maintain insurance (including appropriate self-insurance) against loss or damage of the kinds that, in the good faith judgment of the Company, are adequate and appropriate for the conduct of the business of the Company and the Subsidiaries in a prudent manner, with reputable insurers or with the government of the United States or an agency or instrumentality thereof, in such amounts, with such deductibles, and by such methods as shall be customary, in the good faith judgment of the Company, for companies similarly situated in the industry in which the Company and the Subsidiaries are engaged.

SECTION 4.06. Compliance Certificate, Notice of Default.

(1) The Company and each Guarantor shall deliver to the Trustee, within ninety (90) days after the end of the Company's fiscal year commencing with the fiscal year ending December 31, 2011, an Officers' Certificate stating that a review of its activities during the preceding fiscal year has been made under the supervision of the signing Officers (one of whom is the principal executive officer, principal financial officer or principal accounting officer) with a view to determining whether it has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of such Officer's actual knowledge the Company during such preceding fiscal year has kept, observed, performed and fulfilled each and every condition and covenant under this Indenture and no Default or Event of Default occurred during such year and at the date of such certificate there is no Default or Event of Default that has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe the Default or Event of Default and its status with particularity. The Officers' Certificate shall also notify the Trustee should the Company elect to change the manner in which it fixes its fiscal year end.

(2) (i) If any Default or Event of Default has occurred and is continuing or (ii) if any Holder has provided written notice to the Company that such Holder seeks to exercise any remedy hereunder with respect to a claimed Default under this Indenture or the Notes, the Company shall deliver to the Trustee, at its address set forth in Section 11.02, by registered or certified mail or by telegram or facsimile transmission followed by hard copy by registered or certified mail an Officers' Certificate specifying such event or notice, and the status thereof within ten (10) Business Days of any such officer becoming aware of such occurrence.

SECTION 4.07. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of, premium, if any, or interest or Additional Interest, if any, on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force; and (to the extent that it may lawfully do so) the Company hereby expressly waive all benefit or advantage of any such law, and covenant that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.08. Limitation on Incurrence of Additional Indebtedness and Issuance of Preferred Stock.

(a) The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, "incur," which term shall be deemed to include the entry into a committed revolving credit facility or agreement to increase in the amount of the revolving commitments thereunder, in each case, in an aggregate principal amount equal to the aggregate amount of all revolving commitments thereunder at the time of such entry or increase, as the case may be, and for the avoidance of doubt not the extension or issuance of individual loans or letters of credit thereunder) any Indebtedness (other than Permitted Indebtedness), and the Company will not, and will not permit any of its Subsidiaries, to issue any shares of Preferred Stock (including any Disqualified Stock).

(b) The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, incur any Indebtedness which by its terms (or by the terms of any agreement governing such Indebtedness) is subordinated to any other Indebtedness of the Company or such Subsidiary unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate to the Obligations of the Company or such Subsidiary under (i) in the case of the Company, the Notes and the other Indenture Documents or (ii) in the case of such Subsidiary, its Guarantee and the other Indenture Documents, in each case, to the same extent and in the same manner as such Indebtedness is subordinated pursuant to subordination provisions that are most favorable to the holders of any other Indebtedness of the Company or such Subsidiary.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person without recourse to such Person or any of its assets (other than to the assets that are the subject of such Lien), the lesser of:

(A) the Fair Market Value of such assets that are the subject of such Lien at the date of determination; and

(B) the amount of the Indebtedness of the other Person.

SECTION 4.09. Limitation on Restricted Payments.

The Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company and dividends and distributions payable to the Company or its Subsidiaries) on or in respect of shares of Capital Stock of the Company or its Subsidiaries to holders of such Capital Stock;

(2) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or its Subsidiaries (other than any such Capital Stock held by the Company or its Subsidiaries);

(3) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness of the Company or any Guarantor that is subordinate or junior in right of payment to the Notes or a Guarantee; or

(4) make any Investment (other than Permitted Investments);

each of the foregoing actions set forth in clauses (1), (2), (3) and (4) being referred to as a "Restricted Payment".

SECTION 4.10. Repurchase upon Change of Control.

Upon the occurrence of a Change of Control, each Holder will have the right to require that the Company purchase all or a portion (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such Holder's Notes using immediately available funds pursuant to the offer described below (the "Change of Control Offer"), at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, *plus* accrued and unpaid interest and Additional Interest, if any, to the date of purchase.

Within 30 days following the date upon which the Change of Control occurred, the Company must send, by first-class mail, an offer to each Holder, with a copy to the Trustee, which offer shall govern the terms of the Change of Control Offer. The notice to the Holders shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Change of Control Offer. Such notice shall state:

(1) that the Change of Control Offer is being made pursuant to this Section 4.10 and that, to the extent lawful, all Notes validly tendered and not withdrawn shall be accepted for payment;

(2) the purchase date (including the amount of accrued interest and Additional Interest if any), which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"):

(3) that any Note not tendered shall continue to accrue interest and Additional Interest, if applicable;

(4) that, unless the Company defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest and Additional Interest, if applicable, after the Change of Control Payment Date;

(5) that Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(6) that Holders shall be entitled to withdraw their election if the Paying Agent receives, not later than five (5) Business Days prior to the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder delivered for purchase and a statement that such Holder is withdrawing its elections to have such Notes purchased;

(7) that Holders whose Notes are purchased only in part shall be issued new Notes in a principal amount equal to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $2,000 or integral multiples of $1,000 in excess thereof, and such new Notes will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made);

(8) the circumstances and relevant facts regarding such Change of Control.

If any of the Notes subject to the Change of Control Offer is in the form of a Global Note, then the Company shall modify such notice to the extent necessary to comply with the procedures of the Depositary applicable to repurchases.

On or before the Change of Control Payment Date, the Company shall, to the extent lawful (i) accept for payment Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent U.S. Legal Tender sufficient to pay the purchase price plus accrued interest and Additional Interest, if any, of all Notes or portions thereof so tendered and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly deliver to the Holders so tendered the purchase price for such Notes and the Company shall promptly issue and the Trustee shall promptly (but in any case not later than five (5) days after the Change of Control Payment Date) authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered; *provided* that each such new Note shall be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. Any Notes not so accepted shall be promptly mailed by the Company to the Holders thereof. For purposes of this Section 4.10, the Trustee shall act as the Paying Agent.

Any amounts remaining after the purchase of Notes pursuant to a Change of Control Offer shall be returned by the Trustee to the Company.

Neither the Board of Directors of the Company nor the Trustee may waive the Company's obligation to offer to purchase the Notes pursuant to this Section 4.10.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.10, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the provisions of this Section 4.10 by virtue thereof.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not properly withdrawn under such Change of Control Offer.

SECTION 4.11. Limitation on Asset Sales.

The Company will not, and will not permit any of its Subsidiaries to, consummate an Asset Sale unless:

(1) the Company or the applicable Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed;

(2) at least 100% of the consideration received by the Company or the Subsidiary, as the case may be, from such Asset Sale is in the form of cash or Cash Equivalents and is received at the time of such disposition; *provided* that (a) the amount of any liabilities (as shown on the most recent applicable balance sheet) of the Company or such Subsidiary (other than liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets shall be deemed to be cash for purposes of this provision so long as the documents governing such liabilities or the assumption thereof provide that there is no further recourse to the Company or any of its Subsidiaries with respect to such liabilities and (b) the Fair Market Value of any marketable securities received by the Company or any such Subsidiary in exchange for any such assets that are converted into cash or Cash Equivalents within 60 days after the consummation of such Asset Sale shall be deemed to be cash for purposes of this provision; and

(3) the Company shall apply, or cause such Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 10 Business Days of receipt thereof to make an investment in property, plant, equipment or other non-current assets that replace the properties and assets that were the subject of such Asset Sale or that will be used or useful in a Permitted Business or the acquisition of all of the Capital Stock of a Person engaged in a Permitted Business.

On the 11th Business Day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of such Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in clause (3) of the preceding paragraph (each, a "Net Proceeds Offer Trigger Date"), such aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in clause (3) of the preceding paragraph (each a "Net Proceeds Offer Amount") shall be applied by the Company or such Subsidiary to make an offer to purchase (the "Net Proceeds Offer") on a date (the "Net Proceeds Offer Payment Date") not less than 30 nor more than 60 days following the applicable Net Proceeds Offer Trigger Date, from all Holders, the maximum principal amount of Notes that may be purchased with the Net Proceeds Offer Amount at a price equal to 100% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Interest thereon, if any, to the date of purchase; *provided*, *however*, that notwithstanding anything to the contrary in this

covenant, consideration received by the Company or any such Subsidiary from an Asset Sale of any Herley Shares shall not constitute Net Cash Proceeds until the consummation of the Herley Acquisition.

The Company may defer any Net Proceeds Offer until there is an aggregate unutilized Net Proceeds Offer Amount equal to or in excess of $5.0 million resulting from one or more Asset Sales in which case the accumulation of such amount shall constitute a Net Proceeds Offer Trigger Date (at which time, the entire unutilized Net Proceeds Offer Amount, and not just the amount in excess of $5.0 million, shall be applied as required pursuant to the immediately preceding paragraph). Upon the completion of each Net Proceeds Offer, the Net Proceeds Offer Amount will be reset at zero, and for the avoidance of doubt, if the aggregate principal amount of Notes properly tendered in connection with such Net Proceeds Offer was less than the Net Proceeds Offer Amount, any Net Cash Proceeds relating to, and remaining following the completion of, such Net Proceeds Offer shall no longer constitute Net Cash Proceeds for purposes of this Section 4.11.

Each notice of a Net Proceeds Offer shall be mailed first class, postage prepaid, to the record Holders as shown on the register of Holders within 20 days following the Net Proceeds Offer Trigger Date, with a copy to the Trustee, and shall comply with the procedures set forth in this Indenture. Upon receiving notice of the Net Proceeds Offer, Holders may elect to tender their Notes in whole or in part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) in exchange for cash. To the extent Holders properly tender Notes in an amount exceeding the Net Proceeds Offer Amount, Notes of tendering Holders will be purchased on a pro rata basis (based on amounts tendered) or on as nearly a pro rata basis as is practicable (subject to the Depository's procedures). A Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer period as may be required by law.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to a Net Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.11 of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.11 by virtue of such compliance.

SECTION 4.12. Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of the Company to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock;

(2) make loans or advances or to pay any Indebtedness or other obligation owed to the Company or any other Subsidiary of the Company; or

(3) transfer any of its property or assets to the Company or any other Subsidiary of the Company,

except for such encumbrances or restrictions existing under or by reason of:

(A) applicable law, rule or regulation;

(B) this Indenture, the Notes, the Guarantees, or the Collateral Agreements;

(C) customary non-assignment provisions of any lease of any Subsidiary of the Company to the extent such provisions restrict the transfer of the lease or the property leased thereunder;

(D) any instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(E) agreements of the Company, Herley and their respective Subsidiaries existing on the Issue Date and amendments and modifications thereto, where such amendments and modifications, with respect to (1) the Indenture Documents, are in accordance with the provisions under Article Nine, (2) the Merger Agreement, are such that no provision thereof has been waived, amended, supplemented or otherwise modified in a manner which could reasonably be expected to be materially adverse to the rights or interests of any Holder, without the consent from the Holders holding at least a majority in aggregate principal amount of the Notes and (3) any other agreement, so long as the restrictions, taken as a whole, in such amendments or modifications are, in the good faith judgment of the Company's Board of Directors, no more materially restrictive with respect to such encumbrances and restrictions than those contained in the existing agreements;

(F) restrictions on the transfer of assets subject to any Lien permitted under this Indenture;

(G) restrictions imposed by any agreement to sell assets or Capital Stock permitted under this Indenture to any Person pending the closing of such sale;

(H) provisions in joint venture agreements and other similar agreements (in each case relating solely to the respective joint venture or similar entity or the equity interests therein) entered into in the ordinary course of business;

(I) restrictions contained in the terms of the Purchase Money Indebtedness or Capitalized Lease Obligations not incurred in violation of this Indenture; *provided*, that such restrictions relate only to the assets financed with such Indebtedness;

(J) restrictions in other Indebtedness incurred in compliance with Section 4.08; *provided* that such restrictions, taken as a whole, are, in the good faith judgment of the Company's Board of Directors, no more materially restrictive with respect to such encumbrances and restrictions than those contained in the existing agreements referenced in clauses (B) and (E) above;

(K) restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business;

(L) restrictions on the ability of any Foreign Subsidiary to make dividends or other distributions resulting from the operation of covenants contained in documentation governing Indebtedness of such Subsidiary permitted under this Indenture; or

(M) an agreement governing Indebtedness incurred to Refinance the Indebtedness issued, assumed or incurred pursuant to an agreement referred to in clause (B), (D), (E), (H) or (I) above; *provided, however*, that the provisions relating to such encumbrance or restriction contained in any such Indebtedness are no less favorable to the Company as determined by the Board of Directors of the Company in their reasonable and good faith judgment than the provisions relating to such encumbrance or restriction contained in agreements referred to in such clause (B), (D), (E), (H) or (I).

SECTION 4.13. Limitation on Issuances and Sales of Capital Stock of Subsidiaries.

The Company will not permit or cause any of its Subsidiaries to issue or sell any Capital Stock (other than to the Company or to a Wholly Owned Subsidiary of the Company or permit any Person (other than the Company or a Wholly Owned Subsidiary of the Company) to own or hold any Capital Stock of any Subsidiary of the Company or any Lien or security interest therein (other than as required by applicable law); *provided*, *however*, that this provision shall not prohibit (1) any issuance or sale if,

immediately after giving effect thereto, such Subsidiary would no longer constitute a Subsidiary and any Investment in such Person remaining after giving effect to such issuance or sale would have been permitted to be made under Section 4.09 if made on the date of such issuance or sale or (2) the sale of all of the Capital Stock of a Subsidiary in compliance with the provisions of Section 4.11.

SECTION 4.14. Limitation on Liens.

The Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit or suffer to exist any Liens (other than Permitted Liens) of any kind against or upon any property or assets of the Company or any of its Subsidiaries whether owned on the Issue Date or acquired thereafter other than the Herley Shares until the consummation of the Herley Acquisition, or any proceeds therefrom, or assign or otherwise convey any right to receive income or profits therefrom.

SECTION 4.15. Limitations on Transactions with Affiliates.

(a) The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), other than

(x) Affiliate Transactions permitted under paragraph (b) below, and

(y) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company or such Subsidiary.

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a Fair Market Value in excess of $5.0 million shall be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), as the case may be, such approval to be evidenced by a Board Resolution stating that such Board of Directors has determined that such transaction complies with the foregoing provisions and the Company shall deliver an Officers' Certificate to the Trustee certifying that such transactions are in compliance with clause (a)(y) of this Section 4.15. If the Company or any Subsidiary of the Company enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate Fair Market Value of more than $10.0 million, the Company shall, prior to the consummation thereof, obtain a favorable opinion as to the fairness of the financial terms of such transaction or series of related transactions to the Company or the relevant Subsidiary, as the case may be, from an Independent Financial Advisor and file the same with the Trustee.

(b) The restrictions set forth in paragraph (a) of this Section 4.15 shall not apply to:

(1) reasonable fees and compensation paid to and indemnity provided on behalf of, officers, directors, employees or consultants of the Company or any Subsidiary of the Company as determined in good faith by the Company's Board of Directors or senior management;

(2) transactions exclusively between or among the Company and any of its Subsidiaries or exclusively between or among such Subsidiaries, *provided*, that such transactions are not otherwise prohibited by this Indenture;

(3) any agreement as in effect as of the Issue Date or any transaction contemplated thereby and any amendment thereto or any replacement agreement thereto so long as any such amendment or replacement agreement is not materially more

disadvantageous to the Holders in any material respect than the original agreement as in effect on the Issue Date;

(4) Restricted Payments permitted by this Indenture and Permitted Investments described in clause (9) of the definition thereof;

(5) the merger of the Company with and into Kratos in accordance with the provisions under Section 5.01 and the consummation of the Stage II Notes Exchange Redemption under Section 3.01(e)(ii); and

(6) any employment, stock option, stock repurchase, employee benefit compensation, business expense reimbursement, severance, termination or other employment-related agreements, arrangements or plans entered into by the Company or any of its Subsidiaries in the ordinary course of business.

SECTION 4.16. Additional Subsidiary Guarantees.

The Company shall cause (a) each of Herley and its Domestic Subsidiaries no later than the fifteenth Business Day following the full and complete consummation of the Herley Acquisition and (b) each other Domestic Subsidiary acquired or created after the Issue Date by the Company or any of its Subsidiaries to:

(1) execute and deliver to the Trustee a supplemental indenture substantially in the form of Exhibit F hereto pursuant to which such Domestic Subsidiary shall unconditionally guarantee on a senior secured basis all of the Company's obligations under the Notes and this Indenture on the terms set forth in this Indenture;

(2) take such actions necessary or advisable to grant to the Collateral Agent for the benefit of the Holders a perfected security interest in the assets of such new Domestic Subsidiary of the type that would constitute Collateral (which for the avoidance of doubt shall not include any Excluded Assets), subject to the Permitted Liens, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Security Agreement or by law;

(3) take such further action and execute and deliver such other documents specified in this Indenture or otherwise necessary to effectuate the foregoing; and

(4) deliver to the Trustee an Opinion of Counsel that such supplemental indenture and any other documents required to be delivered have been duly authorized, executed and delivered by such Domestic Subsidiary and constitutes a legal, valid, binding and enforceable obligations of such Domestic Subsidiary and such other opinions regarding the perfection of such Liens in the assets of such Domestic Subsidiary as provided for in this Indenture.

Thereafter, such Domestic Subsidiary shall be a Guarantor for all purposes of this Indenture.

SECTION 4.17. Real Estate Mortgages and Filings.

With respect to any fee interest in any real property (individually and collectively, the "Premises") (a) owned by the Company or any of its Domestic Subsidiaries on the Issue Date (other than Herley or any of its Domestic Subsidiaries), (b) owned by Herley or any of its Domestic Subsidiaries on the day it becomes a Guarantor or (c) acquired by the Company or any such Domestic Subsidiary thereafter with a purchase price of greater than $1.0 million, on such date in the case of clause (a), within 90 days of Herley or such Domestic Subsidiary becoming a Guarantor in the case of clause (b), and within 90 days of the acquisition thereof in the case of clause (c):

(1) the Company shall deliver to the Collateral Agent, as mortgagee, fully executed counterparts of Mortgages, each dated as of the Issue Date or the date of acquisition of such property, as the case may be, duly executed by the Company or the applicable Domestic Subsidiary, together with evidence of the completion (or satisfactory arrangements for the

completion), of all recordings and filings of such Mortgage as may be necessary to create a valid, perfected Lien, subject to Permitted Liens, against the properties purported to be covered thereby;

(2) the Company shall deliver to the Collateral Agent mortgagee's title insurance policies in favor of the Collateral Agent, as mortgagee for the ratable benefit of the Collateral Agent, the Trustee and the Holders in an amount equal to 100% of the Fair Market Value of the Premises purported to be covered by the related Mortgage, insuring that title to such property is marketable and that the interests created by such Mortgage constitute Liens thereon free and clear of all Liens, defects and encumbrances other than Permitted Liens, and shall be accompanied by evidence of the payment in full of all premiums thereon; and

(3) the Company shall deliver to the Collateral Agent, with respect to each of the covered Premises, the most recent survey of such Premises, together with either (i) an updated survey certification in favor of the Trustee and the Collateral Agent from the applicable surveyor stating that, based on a visual inspection of the property and the knowledge of the surveyor, there has been no change in the facts depicted in the survey or (ii) an affidavit from the Company and the Guarantors stating that there has been no change, other than, in each case, changes that do not materially adversely affect the use by the Company or Guarantor, as applicable, of such Premises for the Company or such Guarantor's business as so conducted, or intended to be conducted, at such Premises.

SECTION 4.18. Conduct of Business.

Notwithstanding anything to the contrary herein, neither the Company nor Acquisition Co. will engage in any business activities (including (i) making any Investments (other than Investments consisting of Herley Shares in accordance with the Merger Agreement and Cash Equivalents), (ii) incurring any Indebtedness (other than the Notes and the Guarantees) and (iii) granting any Liens (other than Permitted Liens described in clause (17) of the definition thereof)) other than such activities as are necessary for it to perform its obligations under this Indenture, each other Indenture Document and the Merger Agreement.

The Company will not, and will not permit any of its Subsidiaries to, engage in any businesses other than Permitted Businesses.

SECTION 4.19. Reports to Holders.

Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company will furnish to the Trustee and to the Holders:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries and, with respect to the annual information only, a report thereon by the Company's certified independent accountants; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports, in each case, within the time periods required for filing such forms and reports as specified in the SEC's rules and regulations.

Notwithstanding the foregoing, the Company may satisfy such requirements prior to the effectiveness of the registration statement contemplated by the Registration Rights Agreement by filing with the SEC such registration statement within the time period required for such filing as specified in the Registration Rights Agreement, to the extent that any such registration statement contains substantially the same information as would be required to be filed by the Company if it were subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, and by providing the Trustee and Holders with such Registration Statement (and any amendments thereto) promptly following the filing thereof.

In addition, following the consummation of the Exchange Offer, whether or not required by the rules and regulations of the SEC, the Company will file a copy of all such information and reports with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing). In addition, the Company has agreed that, prior to the consummation of the Exchange Offer, for so long as any Notes remain outstanding, it will furnish to the Holders upon their request, the information required to be delivered pursuant to Rule 144(A)(d)(4) under the Securities Act.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.20. Limitations on Sale and Leaseback Transactions.

The Company will not, and will not permit any of its Subsidiaries to, enter into any sale and leaseback transaction.

SECTION 4.21. Payments for Consent.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes, or any of the Collateral Agreements unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 4.22. Additional Interest.

If Additional Interest becomes payable by the Company pursuant to the Registration Rights Agreement, the Company shall deliver to the Trustee an Officers' Certificate stating (i) the amount of Additional Interest due and payable, (ii) the Section of the Registration Rights Agreement pursuant to which Additional Interest is due and payable and (iii) the date on which Additional Interest is payable. Unless and until a Trust Officer of the Trustee receives such an Officers' Certificate, the Trustee may assume without inquiry that no Additional Interest is payable; *provided*, that the failure of the Company to deliver to the Trustee such Officers' Certificate shall not relieve the Company of its obligation to pay any such Additional Interest when due and payable.

ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. Merger, Consolidation and Sale of Assets.

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and the

Company's Subsidiaries) whether as an entirety or substantially as an entirety to any Person; *provided*, that the Company may merge with and into Kratos so long as:

(1) Kratos shall expressly assume, (i) by supplemental indenture, executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, interest and Additional Interest, if any, on all of the Notes and the performance of every covenant of the Notes and this Indenture on the part of the Company to be performed or observed thereunder, and (ii) by amendment, supplement or other instrument, executed and delivered to the Trustee, all obligations of the Company under the Collateral Agreements, and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to perfect or continue the perfection of the Lien created under the Collateral Agreements on the Collateral owned by or transferred to the surviving entity;

(2) promptly following the merger of the Company into Kratos, Kratos shall give the Trustee and the Holders written notice of the Stage II Notes Exchange Redemption, in accordance with the provisions under Section 3.01(e)(ii);

(3) the Herley Acquisition shall have been consummated;

(4) all assets (including the Herley Shares) and liabilities (including the Notes) of the Company shall become assets and liabilities of Kratos; and

(5) Kratos shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of this Indenture and that all conditions precedent in this Indenture relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Company the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Each Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and this Indenture in connection with any transaction complying with the provisions of this Section 5.01 and Section 4.11) will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge with or into any Person, other than the Company or any other Guarantor unless:

(1) the entity formed by or surviving any such consolidation or merger (if other than the Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made is a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(2) such entity (within fifteen Business Days in the case of the contemplated merger of Acquisition Co. with and into Herley) assumes (a) by supplemental indenture, executed and delivered to the Trustee, all of the obligations of the Guarantor under the Guarantee and the performance of every covenant of the Guarantee and this Indenture, (b) by an assumption and joinder, executed and delivered to the Trustee, the performance of every covenant of the Registration Rights Agreement and (c) by amendment, supplement or other instrument executed and delivered to the Trustee and the Collateral Agent, all obligations of the Guarantor under the Collateral Agreements and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to

perfect or continue the perfection of the Lien created under the Collateral Agreements on the Collateral owned by or transferred to the surviving entity; and

(3) immediately after giving effect to such transaction (other than the contemplated merger of Acquisition Co. with and into Herley), no Default or Event of Default shall have occurred and be continuing.

Any merger or consolidation of (i) a Guarantor with and into another Guarantor or (ii) a Guarantor with an Affiliate organized solely for the purpose of reincorporating such Guarantor in another jurisdiction in the United States or any state thereof or the District of Columbia need only comply with clause (2) of the immediately preceding paragraph.

SECTION 5.02. Successor Entity Substituted.

Upon the merger of the Company with and into Kratos in accordance with the provisions of Section 5.01, Kratos shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the Notes with the same effect as if such surviving entity had been named as such.

ARTICLE SIX

DEFAULT AND REMEDIES

SECTION 6.01. Events of Default. The following events are defined as "Events of Default":

(1) the failure to pay interest or Additional Interest, if any, on any Notes when the same becomes due and payable and the default continues for a period of 5 Business Days;

(2) the failure to pay the principal of or premium, if any, on any Notes, when such principal or premium becomes due and payable, at maturity, upon optional redemption, upon mandatory redemption (including a default in payment resulting from the failure to give notice of such mandatory redemption), upon required offer to purchase (including a default in payment resulting from the failure to make a required offer to purchase), upon acceleration or otherwise;

(3) a default in the observance or performance of any other covenant or agreement contained in this Indenture (other than the payment of the principal of, or premium, if any, or interest or and Additional Interest, if any, on any Note) or any Collateral Agreement which default continues for a period of 30 days after the Company receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes (except in the case of a default with respect to (a) Section 5.01, which will constitute an Event of Default with such notice requirement but without such passage of time requirement and (b) the first sentence under Section 4.18, which will constitute an Event of Default without either such notice or passage of time requirement);

(4) (a) the failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of the Company or any Subsidiary of the Company, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days from the date of acceleration) if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated (in each case with respect to which the 20-day period described above has elapsed), aggregates $10.0 million or more at any

time or (b) an "Event of Default" under, and as defined in, the Stage II Indenture shall have occurred, in each case, other than as the result of the breach of any covenant contained in the agreements governing such Indebtedness or the Stage II Indenture, as the case may be, that limits the sale or other disposition of, or the granting of any Liens on, the Herley Shares;

(5) one or more judgments in an aggregate amount in excess of $10.0 million shall have been rendered against the Company or any of its Subsidiaries (other than any judgment as to which a reputable and solvent third party insurer has not disclaimed coverage) and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable;

(6) the Company, any of its Significant Subsidiaries or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary (A) commences a voluntary case or proceeding under any Bankruptcy Code with respect to itself, (B) consents to the entry of an order for relief against it in an involuntary case under any Bankruptcy Code, (C) consents to the appointment of a Custodian of it or for substantially all of its property, (D) makes a general assignment for the benefit of its creditors; or (E) takes any corporate action to authorize or effect any of the foregoing;

(7) a court of competent jurisdiction enters a judgment, decree or order for relief in respect of the Company, any of its Significant Subsidiaries or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary in an involuntary case or proceeding under any Bankruptcy Code, which shall (A) approve as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Company, such Significant Subsidiary or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, (B) appoint a Custodian of the Company, such Significant Subsidiary or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, or for substantially all of its property or (C) order the winding up or liquidation of its affairs; and such judgment, decree or order shall remain unstayed and in effect for a period of sixty (60) days;

(8) (i) any security interest created by any Collateral Agreement ceases to be in full force and effect (except as permitted by the terms of this Indenture or the Collateral Agreements) or (ii) the breach or repudiation by the Company or any of its Subsidiaries of any of their obligations under any Collateral Agreement (other than by reason of a release of such obligation or Lien related thereto in accordance with the terms of thisIndenture or the Collateral Agreement); provided that, in the case of clauses (i) and (ii), such cessation, breach or repudiation, individually or in the aggregate, results in Collateral having a Fair Market Value in excess of $5.0 million not being subject to a valid, perfected security interest in favor of the Collateral Agent (to the extent required under the Collateral Agreements);

(9) the Company or any of the Guarantors, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of any Collateral Agreement; or

(10) any Guarantee of a Significant Subsidiary or any group of Domestic Subsidiaries that, taken together, would constitute a Significant Subsidiary ceases to be in full force and effect or any Guarantee of a Significant Subsidiary or any group of Domestic Subsidiaries that, taken together, would constitute a Significant Subsidiary is declared by a court of competent jurisdiction to be null and void and unenforceable or any Guarantee of a Significant Subsidiary or any group of Domestic Subsidiaries that, taken together, would constitute a Significant Subsidiary is found by a court of competent jurisdiction to be invalid or any Guarantor denies its liability under its Guarantee (other than by reason of release of a Guarantor in accordance with the terms of this Indenture).

SECTION 6.02. Acceleration.

(a) If an Event of Default (other than an Event of Default specified in Section 6.01(6) or (7) with respect to the Company) shall occur and be continuing and has not been waived, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the principal of and premium, if any, accrued interest and Additional Interest, if any, on all the Notes to be due and payable by notice in writing to the Company and the Trustee specifying the Event of Default and that it is a "notice of acceleration" (the "Acceleration Notice"), and the same shall become immediately due and payable.

(b) If an Event of Default specified in Section 6.01(6) or (7) with respect to the Company occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest and Additional Interest, if any, on all of the outstanding Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

(c) At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraphs, the Holders of a majority in principal amount of the Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived except nonpayment of principal, premium, if any, interest or Additional Interest, if any, that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal and premium, if any, and Additional Interest, if any, which has become due otherwise than by such declaration of acceleration, has been paid or deposited with the Trustee for payment therefor without any restriction on or condition to the application by the Trustee towards such payment;

(4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its reasonable expenses, disbursements and its advances; and

(5) in the event of the cure or waiver of an Event of Default of the type described in Section 6.01(4), the Trustee shall have received an Officers' Certificate and an Opinion of Counsel that such Event of Default has been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any, or interest or Additional Interest, if any, on the Notes or to enforce the performance of any provision of the Notes, this Indenture or any of the other Indenture Documents.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee, the Collateral Agent or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or

remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults.

Subject to Sections 2.09, 6.02(c), 6.07 and 9.02, the Holders of a majority in principal amount of the Notes may waive any existing Default or Event of Default and its consequences, except (other than as provided in Section 6.02(c)) a default in the payment of the principal of or premium, if any, interest, or Additional Interest, if any, on any Notes. When a Default or Event of Default is waived, it is cured and ceases to exist.

SECTION 6.05. Control by Majority.

Subject to Section 2.09 and applicable law, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee including, without limitation, any remedies provided for in Section 6.03. Subject to Section 7.01 and 7.02(f), however, the Trustee may refuse to follow any direction (which direction, if sent to the Trustee, shall be in writing) that the Trustee, reasonably believes conflicts with any applicable law or any of the other Indenture Documents, that the Trustee determines may be unduly prejudicial to the rights of another Holder, or that may subject the Trustee to personal liability; provided that the Trustee, may take any other action deemed proper by the Trustee which is not inconsistent with such direction (which direction, if sent to the Trustee shall be in writing).

SECTION 6.06. Limitation on Suits.

A Holder may not pursue any remedy with respect to this Indenture or the Notes unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) subject to Section 2.09, Holders of at least 25% in principal amount of the outstanding Notes make a written request to the Trustee to institute proceedings in respect of that Event of Default;

(3) such Holders offer to the Trustee indemnity reasonably satisfactory to the Trustee against any loss, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within sixty (60) days after receipt of the request and the offer of indemnity; and

(5) during such sixty (60) day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over such other Holder.

SECTION 6.07. Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of, premium, if any, and interest and Additional Interest, if any, on a Note, on or after the

respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee or Collateral Agent.

If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee or the Collateral Agent may recover judgment (i) in its own name and (ii)(x) in the case of the Trustee, as trustee of an express trust or (y) in the case of the Collateral Agent, as collateral agent on behalf of each of the Secured Parties, in each case against the Company or any other obligor on the Notes for the whole amount of principal of, premium, if any, and accrued interest and Additional Interest, if any, remaining unpaid on, the Notes, together with interest on overdue principal and, to the extent that payment of such interest is lawful, interest on overdue installments of interest and Additional Interest, if any, at the rate set forth in Section 4.01 and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, the Collateral Agent and their respective agents and counsel and any other amounts due any such Person under the Collateral Agreements and Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, reasonable expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relating to the Company or any other obligor upon the Notes, any of their respective creditors or any of their respective property and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and any Custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the compensation, reasonable expenses, taxes, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due any such Person under the Collateral Agreements and Section 7.07. The Company' payment obligations under this Section 6.09 shall be secured in accordance with the provisions of Section 7.07. Nothing herein contained shall be deemed to authorize the Trustee or Collateral Agent to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee or the Collateral Agent, as the case may be, to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Priorities.

If the Trustee collects any money or property pursuant to this Article Six, it shall pay out the money or property in the following order:

First: to the Trustee, the Collateral Agent, the Paying Agent and the Registrar for amounts due under Section 7.07 (including payment of all compensation expense, all liabilities incurred and all advances made by the Trustee or the Collateral Agent, as the case may be, and the costs and expenses of collection);

Second: if the Holders are forced to proceed against the Company directly without the Trustee or the Collateral Agent, to Holders for their collection costs;

Third: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest and Additional Interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest and Additional Interest, if any, respectively; and

Fourth: to the Company or any other obligor on the Notes, as their interests may appear, or as a court of competent jurisdiction may direct.

The Trustee, upon prior written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs.

All parties to this Indenture agree, and each Holder by its acceptance of its Note shall be deemed to have agreed, that in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee or the Collateral Agent, as the case may be, for any action taken or omitted by it as Trustee or the Collateral Agent, as the case may be, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee

or the Collateral Agent, as the case may be, a suit by a Holder pursuant to Section 6.07, or a suit by a Holder or Holders of more than 10% in principal amount of the outstanding Notes.

SECTION 6.12. Restoration of Rights and Remedies.

If the Trustee, the Collateral Agent or any Holder has instituted any proceedings to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, the Collateral Agent or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee, the Collateral Agent and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee, the Collateral Agent and the Holders shall continue as though no such proceeding has been instituted.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. Duties of Trustee.

The duties and responsibilities of the Trustee shall be as provided by the TIA and as set forth herein.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the TIA and the Trustee need perform only those duties as are specifically set forth in this Indenture and no covenants or obligations shall be implied in or read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; *provided*, *however*, in case of any such certificates or opinions furnished to the Trustee which by the provisions hereof are furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the form requirements of this Indenture.

(c) Notwithstanding anything to the contrary herein contained, the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(3) this clause (c) does not limit the effect of clause (b) of this Section 7.01;

(4) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(5) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability (financial or otherwise). The Trustee shall be under no obligation to exercise any of its rights or powers under this Indenture Documents at the request, order or direction of any Holders unless such Holders have offered to the Trustee security and indemnity reasonably satisfactory to the Trustee against the costs and expenses which may be incurred by it (including repayment of its own funds) in compliance with such request, order or direction.

(e) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (a), (b), (c) and (d) of this Section 7.01.

(f) The Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree in writing with the Company. Money and assets held in trust by the Trustee need not be segregated from other funds or assets held by the Trustee except to the extent required by law.

SECTION 7.02. Rights of Trustee.

Subject to Section 7.01:

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement instrument, opinion, report, request direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel of its selection and may require an Officers' Certificate or an Opinion of Counsel, or both, which shall conform to Sections 11.04 and 11.05. The Trustee shall not be liable for any action it takes or

omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The written advice of the Trustee's counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action that it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers under this Indenture.

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon reasonable notice to the Company, to examine the books, records and premises of the Company, personally or by agent or attorney and to consult with the officers and representatives of the Company, including the Company' accountants and attorneys. Except as expressly stated herein to the contrary, in no event shall the Trustee have any responsibility to ascertain whether there has been compliance with any of the covenants or provisions of Articles Four or Five hereof.

(f) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(g) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company and any resolution of the Board of Directors shall be sufficient if evidenced by a copy of such resolution certified by an Officer of the Company to have been duly adopted and in full force and effect on the date hereof.

(h) The Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default unless the Trustee shall have received from the Company, any Guarantor or any other obligor upon the Notes or from any Holder written notice thereof at its address set forth in Section 11.02 hereof, and such notice references the Notes and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any persons authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(k) The permissive right of the Trustee to take any action under this Indenture Documents shall not be construed as a duty to so act.

(l) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Holders may not enforce this Indenture or the Notes except as provided in this Indenture and under the TIA. The Trustee is under no obligation to exercise any of its rights or powers under this Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee an indemnity or security satisfactory to the Trustee.

(m) In no event shall the Trustee be liable to any Person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage.

SECTION 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company, any Subsidiary of the Company or their respective Affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11 of this Indenture, and the Trustee is subject to TIA Sections 310(b) and 311.

SECTION 7.04. Trustee's Disclaimer.

The Trustee makes no representation as to the validity, adequacy or sufficiency of this Indenture, the Notes or the Collateral Agreements, and it shall not be accountable for the Company' use of the proceeds from the Notes, and it shall not be responsible for any statement of the Company in this Indenture, the Notes, the Collateral Agreements or any other documents in connection with the issuance of the Notes other than the Trustee's certificate of authentication, which shall be taken as the statement of Company, and the Trustee assumes no responsibility for their correctness.

Beyond the exercise of reasonable care in the custody thereof and the fulfillment of its obligations under this Indenture and the Collateral Agreements, the Trustee shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto. The Trustee shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property.

The Trustee makes no representations as to and shall not be responsible for the existence, genuineness, value, sufficiency or condition of any of the Collateral or as to the security afforded or intended to be afforded thereby, hereby or by any Collateral Agreement, or for the validity, perfection, priority or enforceability of the Liens or security interests in any of the Collateral created or intended to be created by any of the Collateral Agreements, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence or willful misconduct on the part of the Trustee, for the validity or sufficiency of the Collateral, any Collateral Agreements or any agreement or

assignment contained in any thereof, for the validity of the title of the Company or any Guarantor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

SECTION 7.05. Notice of Default.

If a Default or an Event of Default occurs and is continuing and if a Trust Officer has actual knowledge or has received written notice from the Company or any Holder, the Trustee shall mail to each Holder, with a copy to the Company, notice of the Default or Event of Default within ninety (90) days thereof. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, or interest and Additional Interest, if any, on, any Note, including an accelerated payment and the failure to make payment on the Change of Control Payment Date pursuant to a Change of Control Offer and, except in the case of a failure to comply with Article Five, the Trustee may withhold the notice if and so long as its Board of Directors, the executive committee of its Board of Directors or a committee of its directors and/or Trust Officers in good faith determines that withholding the notice is in the interest of the Holders.

SECTION 7.06. Reports by Trustee to Holders.

Within sixty (60) days after each May 15, beginning with May 15, 2011, the Trustee shall, to the extent that any of the events described in TIA Section 313(a) occurred within the previous twelve months, but not otherwise, mail to each Holder a brief report dated as of such date that complies with TIA Section 313(a). The Trustee also shall comply with TIA Sections 313(b) and (c).

A copy of each report at the time of its mailing to Holders shall be mailed to the Company and filed by the Trustee with the SEC and each stock exchange or market, if any, on which the Notes are listed or quoted.

The Company shall promptly notify the Trustee in writing if the Notes become listed or quoted on any stock exchange or market and the Trustee shall comply with TIA Section 313(d) and any delisting thereof.

SECTION 7.07. Compensation and Indemnity.

The Company and the Guarantors, jointly and severally, shall pay to the Trustee (the "Indemnified Party") from time to time such compensation for its services as Trustee, as the case may be, as shall from time to time be agreed in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Indemnified Party upon request for all reasonable out-of-pocket expenses incurred or made by it in connection with the performance of its duties under, as the case may be, the Indenture Documents. Such expenses shall include the reasonable fees and expenses of the Indemnified Party's agents and counsel.

The Company and the Guarantors, jointly and severally, hereby agree to indemnify the Indemnified Party for, and to hold it harmless against, any loss, cost, claim, liability or expense (including taxes) incurred by of it except for such actions to the extent caused by any negligence, bad faith or willful misconduct on the part of the Indemnified Party, arising out of or in connection with this Indenture Documents, or the administration of this trust, including the reasonable costs and expenses of enforcing this Indenture or the other Indenture Documents against the Company or any Guarantor (including this Section 7.07) and defending itself. against any claim or liability in connection with the exercise or performance of any of its rights, powers or duties hereunder or thereunder (including the reasonable fees and expenses of counsel). The Trustee shall notify the Company promptly of any claim asserted against it for which the Trustee may seek indemnity hereunder or under the other Indenture Documents. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. At the Indemnified Party's sole discretion, the Company shall defend the claim and the Indemnified Party shall cooperate and may participate in the defense; *provided* that any settlement of a claim shall be approved in

writing by the Indemnified Party, which consent shall not be unreasonably be withheld. Alternatively, the Indemnified Party may at its option have separate counsel of its own choosing and the Company shall pay the reasonable fees and expenses of such counsel; *provided* that the Company shall not be required to pay such fees and expenses if it assumes the Indemnified Party's defense and there is no conflict of interest between the Company and the Indemnified Party in connection with such defense as reasonably determined by the Indemnified Party. The Company need not pay for any settlement made without its written consent, which consent shall not be unreasonably withheld.

To secure the Company's and each Guarantor's payment obligations in this Section 7.07, the Indemnified Party shall have a lien prior to the Notes on all Collateral held or collected by the Trustee or the Collateral Agent, in its capacity as such, except assets or money held in trust to pay principal of or interest and Additional Interest, if any, on particular Notes which have been called for redemption.

When an Indemnified Party incurs expenses or renders services after an Event of Default specified in Section 6.01(6) or (7) occurs, such expenses (including the reasonable fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any Bankruptcy Code.

The obligations of the Company and the Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture, termination of the Collateral Agreements or the other Indenture Documents or the resignation or removal of the Trustee, or the Collateral Agent.

The Trustee shall comply with the provisions of TIA Section 312(b)(2) to the extent applicable.

SECTION 7.08. Replacement of Trustee.

The Trustee may resign by so notifying the Company. The Holders of a majority in aggregate principal amount of the outstanding Notes may remove the Trustee by so notifying the Company and the Trustee in writing and may appoint a successor Trustee. The Company, by a Board Resolution, may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting with respect to the Notes.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall notify each Holder in writing of such event and shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, trusts, duties and obligations of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such Trustee so ceasing to act hereunder subject nevertheless to its lien, if any, provided for in Section 7.07. Upon request of the

Company or the successor Trustee, such retiring Trustee shall at the expense of the Company and upon payment of the charges of the Trustee then unpaid, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

If a successor Trustee does not take office within thirty (30) days after the retiring Trustee resigns or is removed, the retiring Trustee, at the Company' expense, the Company or the Holders of at least 10% in principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder who satisfies the requirements of TIA Section 310(b) may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Company shall give notice of any resignation and any removal of the Trustee and each appointment of a successor Trustee to all Holders in writing. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

SECTION 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the resulting, surviving or transferee Person without any further act shall, if such resulting, surviving or transferee Person is otherwise eligible hereunder, be the successor Trustee; *provided, however,* that such Person shall be otherwise qualified and eligible under this Article Seven.

In case any Notes have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes.

SECTION 7.10. Eligibility; Disqualification.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Sections 310(a)(1), (2), (3) and (5). The Trustee (or, in the case of a corporation included in a bank holding company system, the related bank holding company) shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. In addition, if the Trustee is a corporation included in a bank holding company system, the Trustee, independently of such bank holding company, shall meet the capital requirements of TIA Section 310(a)(2). The Trustee shall comply with TIA Section 310(b); *provided*, *however*, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met. The provisions of TIA Section 310 shall apply to the Company, as obligors of the Notes.

If the Trustee has or acquires a conflicting interest within the meaning of the TIA, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the TIA and this Indenture.

SECTION 7.11. Preferential Collection of Claims Against Company.

The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

SECTION 7.12. Trustee as Paying Agent and Collateral Agent.

References to the Trustee in Sections 7.01(f), 7.02, 7.03, 7.04, 7.07, 7.08 and the first paragraph of Section 7.09 shall include the Trustee in its role as Paying Agent, as Registrar and as Collateral Agent.

SECTION 7.13. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person

may certify or give an opinion with respect to some matters and one or more other Persons as to other matters and any such Person may certify or give an opinion as to such matters in one or several documents.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

ARTICLE EIGHT

SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 8.01. Legal Defeasance and Covenant Defeasance.

(a) The Company may, at its option and at any time, elect to have either paragraph (b) or paragraph (c) below be applied to the outstanding Notes upon compliance with the applicable conditions set forth in paragraph (d).

(b) Upon the Company's exercise under paragraph (a) of the option applicable to this paragraph (b), the Company and the Guarantors shall be deemed to have been released and discharged from their obligations with respect to the outstanding Notes, the Guarantees and the Collateral Agreements on the date the applicable conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of the Sections and matters under this Indenture referred to in clause (i) and (ii) below, and the Company and the Guarantors shall be deemed to have satisfied all their other obligations under such Notes and this Indenture, the Guarantees and the Collateral Agreements, except for the following which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Notes to receive solely from the trust fund described in paragraph (d) below and as more fully set forth in such paragraph payments in respect of the principal of, premium, if any, interest and Additional Interest, if any, on such Notes when such payments are due, (ii) obligations listed in Section 8.03, subject to compliance with this Section 8.01 and (iii) the rights, powers, trusts, duties and immunities of the Trustee and the Company's obligations in connection

therewith. The Company may exercise its option under this paragraph (b) notwithstanding the prior exercise of its option under paragraph (c) below with respect to the Notes.

(c) Upon the Company's exercise under paragraph (a) of the option applicable to this paragraph (c), the Company and its Subsidiaries shall, subject to the satisfaction of the conditions set forth in paragraph (d) below, be released and discharged from their obligations under any covenant contained in Sections 4.04 through 4.06, Sections 4.08 through 4.22 (provided that the release and discharge of the Company's obligations under Section 4.22 shall in no way relieve the Company of its obligation to pay any Additional Interest when due and payable) and Section 5.01(2), with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed to be not "outstanding" for the purpose of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the outstanding Notes and Guarantees, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), subject to the satisfaction of the conditions set forth in paragraph (d) below, Sections 6.01(3) (solely as such section pertains to Sections 4.04 through 4.06, Sections 4.08 through 4.22 (provided that the release and discharge of the Company's obligations under Section 4.22 shall in no way relieve the Company of its obligation to pay any Additional Interest when due and payable) and Section 5.01(2)), and Sections 6.01(4) through Section 6.01(9) (other than Sections 6.01(6) and 6.01(7)) shall not constitute Events of Default.

(d) The following shall be the conditions to application of either paragraph (b) or paragraph (c) above to the outstanding Notes:

1. The Company shall have irrevocably deposited in trust with the Trustee, pursuant to an irrevocable trust and security agreement in form satisfactory to the Trustee, U.S. Legal Tender or non-callable U.S. Government Obligations or a combination thereof, in such amounts and at such times as are sufficient, in the opinion of a nationally-recognized firm of independent public accountants, to pay the principal of, and premium, if any, interest and Additional Interest, if any, on the outstanding Notes on the stated date for payment thereof or the applicable Redemption Date, as the case may be; *provided*, *however*, that the Trustee (or other qualifying trustee) shall have received an irrevocable written order from the Company instructing the Trustee (or other qualifying trustee) to apply such U.S. Legal Tender or the proceeds of such U.S. Government Obligations to said payments with respect to the Notes to maturity or redemption;

2. In the event the Company elects paragraph (b) above, the Company shall deliver to the Trustee an Opinion of Counsel in the United States of America to the effect that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders shall not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance contemplated hereby and shall be subject to federal income tax

on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

3. in the event the Company elects paragraph (c) above, the Company shall deliver to the Trustee an Opinion of Counsel in the United States, to the effect that the Holders shall not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance contemplated hereby and shall be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

4. No Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the failure to comply with Section 4.08 arising in connection with the borrowing of funds to fund the deposit referenced in clause (1) above and the granting of any Lien securing such borrowing) or insofar as Defaults or Events of Default under Section 6.01(6) or 6.01(7) are concerned, at any time in the period ending on the 91st day after the date of such deposit;

5. Such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default hereunder (other than a Default or Event of Default resulting from the failure to comply with Section 4.08 arising in connection with the borrowing of funds to fund the deposit referenced in clause (1) above and the granting of any Lien securing such borrowing) or any other material agreement or instrument to which the Company or any of it Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

6. The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit under clause (1) was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

7. The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent specified herein relating to the defeasance contemplated by this Section 8.01 have been complied with; and

8. The Company shall have delivered to the Trustee an Opinion of Counsel (subject to customary qualifications and exclusions) to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940.

Notwithstanding the foregoing, the Opinion of Counsel required by Section 8.01(d)(2) above with respect to a Legal Defeasance need not be delivered if all Notes not theretofore delivered to the Trustee for cancellation (1) have become due and payable or (2) shall become due and payable on the maturity date within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

In the event all or any portion of the Notes are to be redeemed through such irrevocable trust, the Company must make arrangements satisfactory to the Trustee, at the time of such deposit, for the giving of the notice of such redemption or redemptions by the Trustee in the name and at the expense of the Company.

SECTION 8.02. Satisfaction and Discharge.

In addition to the Company's rights under Section 8.01, this Indenture (and all Liens on Collateral in connection with the issuance of the Notes) shall be discharged and shall cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes, as expressly provided for in this Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation or redemption in connection with the Stage II Notes Exchange Redemption as referenced in Section 3.01(e)(ii) above; or

(b) all Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) are to be called for redemption within one year and the Company has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, interest and Additional Interest, if any, on the Notes to the date of such stated maturity or redemption, as the case may be, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Company has paid all other sums payable under this Indenture and the Collateral Agreements by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

SECTION 8.03. Survival of Certain Obligations.

Notwithstanding the satisfaction and discharge of this Indenture and of the Notes referred to in Section 8.01 or 8.02, the respective obligations of the Company and the Trustee under Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, and 2.10, Sections 7.07 and 7.08 and Sections 8.05, 8.06 and 8.07 shall survive until the Notes are no longer outstanding, and thereafter the obligations of the Company and the Trustee under Sections 7.07, 8.04, 8.05, 8.06 and 8.07 shall survive.

SECTION 8.04. Acknowledgment of Discharge by Trustee and Collateral Agent.

Subject to Section 8.07, after (i) the conditions of Section 8.01 or 8.02 have been satisfied, (ii) the Company has paid or caused to be paid all other sums payable hereunder by the Company and (iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent referred to in clause (i) above relating to the satisfaction and discharge of this Indenture have been complied with, the Trustee, upon written request, shall acknowledge in writing the discharge of the Company' obligations under this Indenture except for those surviving obligations specified in Section 8.03 and the Collateral Agent shall execute and deliver to the Company (at the Company's expense) any document reasonably requested by the Company to effect or evidence any release and discharge of Lien or Collateral Agreement contemplated by Section 12.05.

SECTION 8.05. Application of Trust Moneys.

The Trustee shall hold any U.S. Legal Tender or U.S. Government Obligations deposited with it in the irrevocable trust established pursuant to Section 8.01. The Trustee shall apply the deposited U.S. Legal Tender or the U.S. Government Obligations, together with earnings thereon, through the Paying Agent, in accordance with this Indenture and the terms of the irrevocable trust agreement established pursuant to Section 8.01, to the payment of principal of, premium, if any, and interest and Additional Interest, if any, on the Notes. Anything in this Article Eight to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the Company' request any U.S. Legal Tender or U.S. Government Obligations held by it as provided in Section 8.01(d) which, in the opinion of a nationally-recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 8.01 or 8.02 or the principal, premium, if any, and interest and Additional Interest, if any, received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of outstanding Notes.

SECTION 8.06. Repayment to the Company; Unclaimed Money.

Subject to Sections 7.07, 8.01 and 8.02, the Trustee and the Paying Agent shall promptly pay to the Company upon written request from the Company any excess U.S. Legal Tender or U.S. Government Obligations held by them at any time. Subject to applicable law, the Trustee and the Paying Agent shall pay to the Company, upon receipt by the Trustee or the Paying Agent, as the case may be, of a written request from the Company any money held by it for the payment of principal, premium, if any, or interest and Additional Interest, if any, that remains unclaimed for two years after payment to the Holders is required, without interest thereon; *provided*, *however*, that the Trustee and the Paying Agent before being required to make any payment may, but need not, at the expense of the Company cause to be published once in a newspaper of general circulation in the City of New York or mail to each Holder entitled to such money notice that such money remains unclaimed and that after a date specified therein, which shall be at least thirty (30) days from the date of such publication or mailing, any unclaimed balance of such money then remaining shall be repaid to the Company, without interest thereon. After payment to the Company, Holders entitled to money must look solely to the Company for payment as general creditors unless an applicable abandoned property law designated another Person, and all liability of the Trustee or Paying Agent with respect to such money shall thereupon cease.

SECTION 8.07. Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. Legal Tender or U.S. Government Obligations in accordance with Section 8.01 or 8.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and each Guarantor's obligations under this Indenture and each other Indenture Document to which such Person is a party shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01 or 8.02 until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Legal Tender or U.S. Government Obligations in accordance with Section 8.01 or 8.02; *provided*, *however*, that if the Company have made any payment of premium, if any, or interest and Additional Interest, if any, on or principal of any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01. Without Consent of Holders.

From time to time, the Company, the Guarantors, the Trustee and, if such amendment, modification or supplement relates to any Collateral Agreement, the Collateral Agent, without the consent of the Holders, may amend, modify or supplement this Indenture, the Notes, the Guarantees and the Collateral Agreements:

(1) to cure any ambiguity, defect or inconsistency contained therein;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to Holders in accordance with Section 5.01;

(4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights of any such Holder under this Indenture, the Notes, the Guarantees or the Collateral Agreements;

(5) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(6) to allow any Subsidiary or any other Person to guarantee the Notes;

(7) to release a Guarantor as permitted by this Indenture and the relevant Guarantee; or

(8) if necessary, in connection with any addition or release of Collateral permitted under the terms of this Indenture or the Collateral Agreements,

so long as such amendment, modification or supplement does not adversely affect the rights of any of the Holders in any material respect. Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amendment or supplement, and upon receipt by the Trustee and the Collateral Agent, as applicable, of the documents described in Sections 7.02 and 9.06 hereof, the Trustee and the Collateral Agent, as applicable, will join with the Company and the Guarantors in the execution of any amendment or supplement authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained. After an amendment, modification, waiver or supplement under this Section 9.01 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, modification, waiver or supplement. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, modification, waiver or supplement or constitute an Event of Default hereunder.

SECTION 9.02. With Consent of Holders.

The Company and the Guarantors, when authorized by a Board of Resolution, and the Trustee, or the Collateral Agent, as applicable, together, with the written consent of the Holder or Holders of at least a majority in aggregate principal amount of the outstanding Notes, may amend, modify or supplement this Indenture, the Notes, the Guarantees and the Collateral Agreements without notice to any other Holders. The Holder or Holders of a majority in aggregate principal amount of the outstanding Notes may waive compliance by the Company with any provision of this Indenture, any Collateral Agreements or the Notes without notice to any other Holder. However, no amendment, modification, supplement or waiver, including a waiver pursuant to Section 6.04, shall (a) without the consent of each Holder of each Note affected thereby:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver of any provision of this Indenture or the Notes;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest (including defaulted interest but excluding Additional Interest) on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption or reduce the Redemption Price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of this Indenture protecting the right of each Holder to receive payment of principal of, premium, if any, interest and Additional Interest, if any, on such Note on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of Notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer after the occurrence of a Change of Control, or make and consummate a Net Proceeds Offer with respect to any Asset Sale that has been consummated or modify any of the provisions or definitions with respect thereto;

(7) subordinate the Notes in right of payment to any other Indebtedness of the Company or any Guarantor;

(8) release any Guarantor from any of its obligations under its Guarantee or this Indenture otherwise than in accordance with the terms of this Indenture;

(9) make any changes to Section 9.01 or this Section 9.02; or

(b) without the consent of the Holders of at least 66 $^{2}/_{3}$ % in principal amount of the then outstanding Notes issued under this Indenture, release all or substantially all of the Collateral otherwise than in accordance with the terms of this Indenture and the Collateral Agreements.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

SECTION 9.03. Compliance with TIA.

Every amendment, waiver or supplement of this Indenture, the Notes, the Collateral Agreements or the Guarantees shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents.

Until an amendment, waiver or supplement becomes effective (which may be prior to any such amendment, waiver or supplement becoming operative), a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. Subject to the following paragraph, any such Holder or subsequent Holder may revoke the consent as to such Holder's Note or portion of such Note by written notice to the Trustee and the Company received before the date on which the Trustee and if such amendment, waiver or supplement relates to any Collateral Agreement, the Collateral Agent, receives written consents from the Holders of a requisite percentage in principal amount of the outstanding Notes or receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Notes have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver. An

amendment, waiver or supplement shall become effective upon receipt by the Trustee or the Collateral Agent, as the case may be, of written consents from the Holders of the requisite percentage in principal amount of the outstanding Notes or such Officers' Certificate, whichever first occurs, and the execution thereof by the Trustee or the Collateral Agent, as the case may be.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than ninety (90) days after such record date.

After an amendment, supplement or waiver becomes effective, it shall bind every Holder unless it makes a change described in clauses(a) or (b) of the first paragraph of Section 9.02, in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note; *provided* that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of, premium, if any, and interest and Additional Interest, if any, on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

SECTION 9.05. Notation on or Exchange of Notes.

If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder of the Note to deliver the Note to the Trustee. The Trustee at the written direction of the Company may place an appropriate notation on the Note about the changed terms and return it to the Holder and the Trustee may place an appropriate notation on any Note thereafter authenticated. Alternatively, if the Company so determines, the Company in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms. Failure to make an appropriate notation, or issue a new Note, shall not affect the validity and effect of such amendment, supplement or waiver. Any such notation or exchange shall be made at the sole cost and expense of the Company. Failure to make the appropriate notation or issue a new Note shall not effect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. Trustee to Sign Amendments, Etc.

The Trustee and/or the Collateral Agent, as applicable, shall execute any amendment, supplement or waiver authorized pursuant to this Article Nine; *provided* that the Trustee or the Collateral Agent, as the case may be, may, but shall not be obligated to, execute any such amendment, supplement or waiver which adversely affects the rights, duties or immunities of the Trustee or the Collateral Agent, as the case may be, under this Indenture or any Collateral Agreement. The Trustee or the Collateral Agent, as the case may be, shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture. Such Opinion of Counsel shall also state that the amendment or supplement is a valid and enforceable obligation of the Company. Such Opinion of Counsel shall not be an expense of the Trustee or the Collateral Agent, as the case may be, and shall be paid for by the Company.

SECTION 9.07. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article Nine shall conform to the requirements of the TIA as then in effect.

ARTICLE TEN

GUARANTEE

SECTION 10.01. Guarantee.

Each Guarantor hereby fully, irrevocably and unconditionally, jointly and severally guarantees (such guarantee, as amended or supplemented from time to time, to be referred to herein as the "Guarantee"), to each of the Holders, the Trustee and the Collateral Agent and their respective successors and assigns that (i) the principal of, premium, if any and interest and Additional Interest, if any, on the Notes shall be promptly paid in full when due, subject to any applicable grace period, whether upon redemption pursuant to the terms of the Notes, by acceleration or otherwise, and interest on the overdue principal (including interest accruing at the then applicable rate provided in this Indenture Documents after the occurrence of any Event of Default set forth in Section 6.01(8), whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), if any, and interest on any interest and Additional Interest, if any, to the extent lawful, of the Notes and all other obligations of the Company to the Holders, the Trustee and the Collateral Agent hereunder, thereunder or under any Collateral Agreement shall be promptly paid in full or performed, all in accordance with the terms hereof, thereof and of the Collateral Agreements; and (ii) in case of any extension of time of payment or renewal of any of the Notes or of any such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to any applicable grace period, whether at stated maturity, by acceleration or otherwise, subject, however, in the case of clauses (i) and (ii) above, to the limitations set forth in Section 10.03. The Guarantee of each Guarantor shall rank senior in right of payment to all subordinated Indebtedness of such Guarantor and equal in right of payment with all other senior obligations of such Guarantor. Each Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes, this Indenture, or any Collateral Agreement, the absence of any action to enforce the same, any waiver or consent by any of the Holders with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor

hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes, this Indenture and in this Guarantee. The obligations of each Guarantor are limited to the

maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, shall result in the obligations of such Guarantor under the Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. The net worth of any Guarantor for such purpose shall include any claim of such Guarantor against the Company for reimbursement and any claim against any other Guarantor for contribution. Each Guarantor may consolidate with or merge into or sell its assets to the Company or another Guarantor without limitation in accordance with Sections 5.01, 4.11 and 10.04. If any Holder, the Collateral Agent or the Trustee is required by any court or otherwise to return to the Company, any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or any Guarantor, any amount paid by the Company or any Guarantor to the Trustee, the Collateral Agent or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between each Guarantor, on the one hand, and the Holders, the Collateral Agent and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article Six for the purposes of this Guarantee notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any acceleration of such obligations as provided in Article Six, such obligations (whether or not due and payable) shall forthwith become due and payable by each Guarantor for the purpose of this Guarantee.

SECTION 10.02. Release of a Guarantor.

A Guarantor will be automatically and unconditionally released from its Guarantee (and may subsequently dissolve) without any action required on the part of the Trustee or any Holder:

(1) if (a) all of the Capital Stock issued by such Guarantor or all or substantially all of the assets of such Guarantor are sold or otherwise disposed of (including by way of merger or consolidation and, in the case of a sale of Capital Stock, whether directly by transfer of Capital Stock issued by that Guarantor or indirectly by transfer of Capital Stock of other Subsidiaries that, directly or indirectly, own Capital Stock issued by such Guarantor) to a Person other than the Company or any of its Domestic Subsidiaries or (b) such Guarantor ceases to be a Subsidiary, and the Company otherwise complies, to the extent applicable, with Section 4.11;

(2) if the Company exercises its legal defeasance option or its covenant defeasance option as described below under Section 8.01; or

(3) upon satisfaction and discharge of this Indenture as described in Section 8.02 or payment in full in cash of the principal of, and premium, if any, accrued and unpaid interest and Additional Interest, if any, on, the Notes and all other Obligations that are then due and payable.

At the Company's request and expense, the Trustee will execute and deliver an instrument evidencing such release. A Guarantor may also be released from its obligations under its Guarantee in connection with a permitted amendment of this Indenture. Any Guarantor not so released remains liable for the full amount of its Guarantee as provided in this Article Ten.

SECTION 10.03. Limitation of Guarantor's Liability.

Each Guarantor and, by its acceptance hereof, each of the Holders hereby confirms that it is the intention of all such parties that the guarantee by such Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of any Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar Federal or state law. To effectuate the foregoing intention, the Holders and such Guarantor hereby irrevocably agree that the obligations of such Guarantor under the Guarantee shall be limited to the maximum amount as shall, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to Section 10.05, result in the obligations of such Guarantor under the Guarantee not constituting such fraudulent transfer or conveyance.

SECTION 10.04. Guarantors May Consolidate, etc., on Certain Terms.

Each Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and this Indenture in connection with any transaction complying with this Section 10.04 and Section 4.11) will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge with or into any Person, other than the Company or any other Guarantor unless:

(1) the entity formed by or surviving any such consolidation or merger (if other than the Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made is a corporation or limited liability company organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(2) such entity assumes (a) by supplemental indenture in form attached hereto as Exhibit F, executed and delivered to the Trustee, all of the obligations of the Guarantor under the Guarantee and the performance of every covenant of the Guarantee and this Indenture and (b) by amendment, supplement or other instrument executed and delivered to the Trustee and the Collateral Agent, all obligations of the Guarantor under the Collateral Agreements and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to perfect or continue the perfection of the Lien created under the Collateral Agreements on the Collateral owned by or transferred to the surviving entity; and

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

This Section 10.04 will not apply to:

(a) any merger or consolidation of a Guarantor with and into the Company (with the Company being the surviving entity) or another Guarantor or; or

(b) any merger or consolidation of a Guarantor or the Company with an Affiliate organized solely for the purpose of reincorporating such Guarantor or the Company in another jurisdiction in the United States or any state thereof or the District of Columbia.

SECTION 10.05. Contribution.

In order to provide for just and equitable contribution among the Guarantors, the Guarantors agree, inter se, that each Guarantor that makes a payment or distribution under a Guarantee shall be entitled to a *pro rata* contribution from each other Guarantor hereunder based on the net assets of each other Guarantor. The preceding sentence shall in no way affect the rights of the Holders to the benefits of this Indenture, the Notes or the Guarantees.

SECTION 10.06. Waiver of Subrogation.

Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

SECTION 10.07. Waiver of Stay, Extension or Usury Laws.

Each Guarantor covenants to the extent permitted by law that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive such Guarantor from performing its Guarantee as contemplated herein, wherever enacted, now or at any time hereafter in force; and each Guarantor hereby expressly waives to the extent permitted by law all benefit or advantage of any such law, and covenants that it shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 10.08. Execution and Delivery of Guarantees.

Each guarantor hereby agrees that its execution and delivery of this Indenture or any supplemental indenture substantially in the form of Exhibit F hereto executed on behalf of such Guarantor by an Officer thereof in accordance with Section 4.16 hereof shall evidence its Guarantee set forth in this Article 10 without the need for any further notation on the Notes.

ARTICLE ELEVEN

MISCELLANEOUS

SECTION 11.01. Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control. Any provision of the TIA which is required to be included in a qualified indenture, but not expressly included herein, shall be deemed to be included by this reference. No past, present or future director, officer, employee, incorporator, or stockholder of the Company or a Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees or this Indenture or for any claim based on, in respect of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 11.02. Notices.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Company:

Acquisition Co. Lanza Parent
4820 Eastgate Mall
San Diego, CA 92121
Tel: (858) 812-7300
Fax: (858) 812-7301
Attention: Deanna Lund

if to the Trustee:

Wilmington Trust FSB
CCS-Corporate Capital Markets
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402-1544
Attention: Jane Y. Schweiger
Facsimile No: (612) 217-5651

if to the Collateral Agent:

Wilmington Trust FSB
CCS-Corporate Capital Markets
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402-1544
Attention: Jane Y. Schweiger
Facsimile No: (612) 217-5651

Each of the Company, the Trustee and the Collateral Agent by written notice to each other may designate additional or different addresses for notices to such Person. Any notice or communication to the Company, the Trustee or the Collateral Agent shall be deemed to have been given or made as of the date so delivered if personally delivered; when receipt is acknowledged, if faxed; and five (5) calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address or a notice sent by mail to the Trustee shall not be deemed to have been given until actually received by the addressee).

Any notice or communication mailed to a Holder shall be mailed to such Holder by first class mail or other equivalent means at such Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given to such Holder if so mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a

Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depositary for such Note (or its designee) pursuant to the standing instructions from such Depositary.

SECTION 11.03. Communications by Holders with Other Holders.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture, any Collateral Agreement, any Guarantee or the Notes. The Company, the Trustee, the Collateral Agent, the Registrar and any other Person shall have the protection of TIA Section 312(c).

SECTION 11.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company or any Guarantor to the Trustee or the Collateral Agent, as the case may be, to take any action under this Indenture, any Collateral Agreement or any other Indenture Document, the Company shall furnish to the Trustee or the Collateral Agent, as the case may be, upon request:

(1) an Officers' Certificate, in form and substance reasonably satisfactory to the Trustee or the Collateral Agent, as the case may be, stating that, in the opinion of the signers, all conditions precedent to be performed by the Company or the applicable Guarantor (as the case may be), if any, provided for in this Indenture, any Collateral Agreement or any other Indenture Document relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent to be performed by the Company or the applicable Guarantor (as the case may be), if any, provided for in this Indenture relating to the proposed action have been complied with.

SECTION 11.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture, any Collateral Agreement or any other Indenture Document, other than the Officers' Certificate required by Section 4.06(1), shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is reasonably necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with.

SECTION 11.06. Rules by Trustee, Paying Agent, Registrar.

The Trustee may make reasonable rules in accordance with the Trustee's customary practices for action by or at a meeting of Holders. The Paying Agent or Registrar may make reasonable rules for its functions.

SECTION 11.07. Legal Holidays.

A "Legal Holiday" used with respect to a particular place of payment is a Saturday, a Sunday or a day on which banking institutions in New York, New York or at such place of payment are not required to be open. If a payment date is a Legal Holiday at such place, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.08. Governing Law.

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE GUARANTEES, THE COLLATERAL AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED BY THIS INDENTURE.

SECTION 11.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 11.10. No Recourse Against Others.

No past, present or future director, officer, employee, incorporator, agent, stockholder or Affiliate of the Company or a Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees, this Indenture or the Collateral Agreements or for any claim based on, in respect of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 11.11. Successors.

All agreements of the Company and the Guarantors in this Indenture, the Notes, and the Guarantees shall bind their successors. All agreements of each of the Trustee and the Collateral Agent in this Indenture shall bind their respective successors.

SECTION 11.12. Duplicate Originals.

All parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

SECTION 11.13. Severability.

In case any one or more of the provisions in this Indenture, the Notes or in the Guarantees shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 11.14. Waiver of Jury Trial.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS INDENTURE, THE NOTES, THE GUARANTEES, THE COLLATERAL AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED BY THIS INDENTURE.

ARTICLE TWELVE

SECURITY

SECTION 12.01. Grant of Security Interest.

(1) The due and punctual payment of the principal of, premium, if any, interest and Additional Interest, if any, on the Notes and amounts due hereunder and under the Guarantees when and as the same shall be due and payable, whether on an Interest Payment Date, by acceleration, purchase, repurchase, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest (to the extent permitted by law), if any, on the Notes and the performance of all other Obligations of the Company and the Guarantors to the Holders or the Trustee under this Indenture, the Collateral Agreements, the Guarantees and the Notes shall be secured as provided in the Collateral Agreements. Notwithstanding anything to the contrary herein, no Collateral shall consist of any Excluded Assets.

(2) Each Holder, by its acceptance of a Note, consents and agrees to the terms of each Collateral Agreement, as the same may be in effect or may be amended from time to time in accordance with its respective terms, and authorizes and directs the Collateral Agent to enter into this Indenture and the Collateral Agreements and to perform its obligations and exercise its rights thereunder in accordance therewith. The Company shall, and shall cause each of its Domestic Subsidiaries to, do or cause to be done, at its sole cost and expense, all such actions and things as may be required by the provisions of the Collateral Agreements, to assure and confirm to the Collateral Agent the security interests in the Collateral contemplated by the Collateral Agreements, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes and Guarantees secured hereby, according to the intent and purpose herein and therein expressed, including taking all commercially reasonable actions required to cause the Collateral Agreements to create and maintain, as security for the Obligations contained in this Indenture, the Notes, the Collateral Agreements and the Guarantees valid and enforceable, perfected (to the extent required therein) security interests in and on all the Collateral, in favor of the Collateral Agent, superior to and prior to the rights of all third Persons, and subject to no other Liens, in each case, except as expressly provided herein or therein. If required for the purpose of meeting the legal requirements of any jurisdiction in which any of the Collateral may at the time be located, the Company, the Trustee and the Collateral Agent shall have the power to appoint, and shall take all reasonable action to appoint, one or more Persons approved by the Trustee and reasonably acceptable to the Company to act as co-Collateral Agent with respect to any such Collateral, with such

rights and powers limited to those deemed necessary for the Company, the Trustee or the Collateral Agent to comply with any such legal requirements with respect to such Collateral, and which rights and powers shall not be inconsistent with the provisions of this Indenture or any Indenture Document. The Company shall from time to time promptly pay all reasonable financing and continuation statement recording and/or filing fees, charges and taxes relating to this Indenture, the Collateral Agreements and any amendments hereto or thereto and any other instruments of further assurance required pursuant hereto or thereto.

SECTION 12.02. Opinions.

The Company shall furnish to the Trustee, at such time as required by TIA Section 314(b) an Opinion of Counsel either (i) stating that, in the opinion of such counsel, this Indenture and the Collateral Agreements, financing statements and fixture filings then executed and delivered, as applicable, and all other instruments of further assurance or amendment then executed and delivered have been properly recorded, registered and filed to the extent necessary to perfect the security interests created by this Indenture and the Collateral Agreements and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that as to such Collateral Agreements and such other instruments, such recording, registering and filing are the only recordings, registerings and filings necessary to perfect such security interest and that no re-recordings, re-registerings, or re-filings are necessary to maintain such perfection, and further stating that all financing statements and continuation statements have been filed are necessary fully to preserve and protect the rights of and perfect such security interests of the Trustee for the benefit of itself and the Holders, under the Collateral Agreements or (ii) stating that, in the Opinion of such Counsel, no such action is necessary to perfect any security interest created under this Indenture, the Notes or any of the Collateral Agreements as intended by this Indenture, the Notes or any such Collateral Agreement.

The Company shall furnish to the Trustee and the Collateral Agent (if other than the Trustee), on or within three months of the last day of each fiscal year, commencing on December 31, 2011, an Opinion of Counsel either (i) stating that, in the opinion of such counsel, all action necessary to perfect or continue the perfection of the security interests created by the Collateral Agreements and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given have been taken or (ii) stating that, in the Opinion of such Counsel, no such action is necessary to perfect or continue the perfection of any security interest created under any of the Collateral Agreements.

SECTION 12.03. Release of Collateral.

The Collateral Agent shall not at any time release Collateral from the security interests created by the Collateral Agreements unless such release is in accordance with the provisions of this Indenture and the applicable Collateral Agreements.

The release of any Collateral from the terms of the Collateral Agreements shall not be deemed to impair the security under this Indenture in contravention of the provisions hereof if and to the extent the Collateral is released pursuant to this Indenture and the Collateral Agreements. To the extent applicable, the Company shall cause TIA Section 314(d) relating to the release of property from the security interests created by this Indenture and the Collateral Agreements to be complied with. Any certificate or opinion required by TIA Section 314(d) may be made by an Officer of the Company, except in cases where TIA Section 314(d) requires that such certificate or opinion be made by an independent Person, which Person shall be an independent engineer, appraiser or other expert selected or approved by the Trustee in the exercise of reasonable care. A Person is “independent” if such Person (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in the Company or in any Affiliate of the Company and (c) is not an officer, employee, promoter, underwriter, trustee, partner or director or person performing similar functions to any of the foregoing for the Company. The Trustee

shall be entitled to receive and conclusively rely upon a certificate provided by any such Person confirming that such Person is independent within the foregoing definition.

Notwithstanding any provision to the contrary herein, Collateral comprised of accounts receivable, and inventory or the proceeds of the foregoing, or cash shall be subject to release upon sales of such inventory, collection of the proceeds of such accounts receivable, and withdrawals of cash from the Company’s deposit accounts in the ordinary course of business. If requested in writing by the Company, the Trustee shall instruct the Collateral Agent to execute and deliver such documents, instruments or statements and to take such other action as the Company may request to evidence or confirm that the Collateral falling under this Section 12.03 has been released from the Liens of each of the Collateral Agreements.

SECTION 12.04. Specified Releases of Collateral.

Subject to Section 12.03, Collateral may be released from the Lien and security interest created by the Collateral Agreements at any time or from time to time in accordance with the provisions of the Collateral Agreements, or as provided hereby. Upon the request of the Company pursuant to an Officers’ Certificate certifying that all conditions precedent hereunder have been met and without the consent of any Holder, the Company and the Guarantors will be entitled to releases of assets included in the Collateral from the Liens securing the obligations under the Notes and the Guarantees under any one or more of the following circumstances:

(1) to enable the Company (or a Guarantor) to consummate asset sales or dispositions that are not Asset Sales or that are Asset Sales permitted under Section 4.11;

(2) with the consent of the Holders of at least 66 $^{2}/_{3}$ % in principal amount of the then outstanding Notes pursuant to Section 9.02;

(3) if any Subsidiary that is a Guarantor is released from its Guarantee in accordance with the terms of this Indenture, such Subsidiary’s assets will also be released; or

(4) if such release is required under any of the Collateral Agreements.

Upon receipt of such Officers’ Certificate and any necessary or proper instruments of termination, satisfaction or release prepared by the Company, the Collateral Agent shall execute, deliver or acknowledge such instruments or releases to evidence the release of any Collateral permitted to be released pursuant to this Indenture or the Collateral Agreements.

SECTION 12.05. Release upon Satisfaction or Defeasance of All Outstanding Obligations.

The Liens on, and pledges of, all Collateral will also be terminated and released upon (i) payment in full of the principal of, premium, if any, on, and accrued and unpaid interest and Additional Interest, if any, on the Notes and all other Obligations hereunder, the Guarantees and the Collateral Agreements that are due and payable at or prior to the time such principal, premium, if any, and accrued and unpaid interest and Additional Interest, if any, are paid, (ii) a satisfaction and discharge of this Indenture as described above under Section 8.02 and (iii) the occurrence of a Legal Defeasance or Covenant Defeasance as described above under Section 8.01.

SECTION 12.06. Form and Sufficiency of Release.

In the event that the Company or any Guarantor has sold, exchanged, or otherwise disposed of or proposes to sell, exchange or otherwise dispose of any portion of the Collateral that may be sold, exchanged or otherwise disposed of by such Company or such Guarantor, and such Company or such Guarantor requests in writing the Collateral Agent to furnish a written disclaimer, release or quit-claim of any interest in such property under this Indenture and the Collateral Agreements, the Collateral Agent shall execute, acknowledge and deliver to the Company or such Guarantor (in proper form prepared by the Company or such Guarantor) such an instrument promptly after satisfaction of the conditions set forth herein for delivery of any such release. Notwithstanding the preceding sentence, all purchasers and grantees of any property or rights purporting to be released herefrom shall be entitled to rely upon any release executed by the Collateral Agent hereunder as sufficient for the purpose of this Indenture and as constituting a good and valid release of the property therein described from the Lien of this Indenture or of the Collateral Agreements.

SECTION 12.07. Purchaser Protected.

No purchaser or grantee of any property or rights purporting to be released herefrom shall be bound to ascertain the authority of the Trustee or the Collateral Agent to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Indenture to be sold or otherwise disposed of by the Company be under any obligation to ascertain or inquire into the authority of the Company to make such sale or other disposition.

SECTION 12.08. Authorization of Actions to Be Taken by the Collateral Agent Under the Collateral Agreements.

Wilmington Trust FSB is hereby appointed Collateral Agent. Subject to the provisions of the applicable Collateral Agreements, each Holder, by acceptance of its Note(s) agrees that (a) the Collateral Agent shall execute and deliver the Collateral Agreements and act in accordance with the terms thereof, (b) the Collateral Agent may, in its sole discretion and without the consent of the Trustee or the Holders, take all actions it deems necessary or appropriate in order to (i) enforce any of the terms of the Collateral Agreements and (ii) collect and receive any and all amounts payable in respect of the Obligations of the Company and the Guarantors hereunder and under the Notes, the Guarantees and the Collateral Agreements and (c) to the extent permitted by this Indenture, the Collateral Agent shall have power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any act that may be unlawful or in violation of the Collateral Agreements or this Indenture, and suits and proceedings as the Collateral Agent may deem expedient to preserve or protect its interests and the interests of the Trustee and the Holders in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest thereunder or be prejudicial to the interests of the Collateral Agent, the Holders or the Trustee). Notwithstanding the foregoing, the Collateral Agent may, at the expense of the Company, request the direction of the Holders with respect to any such actions and upon receipt of the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Notes, shall take such actions.

SECTION 12.09. Authorization of Receipt of Funds by the Trustee Under the Collateral Agreements.

The Collateral Agent is authorized to receive any funds for the benefit of itself, the Trustee and the Holders distributed under the Collateral Agreements for turnover to the Trustee to make further distributions of such funds to itself, the Trustee and the Holders in accordance with the provisions of Section 6.10 and the other provisions of this Indenture.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first written above.

ACQUISITION CO. LANZA PARENT

By: /s/ Deanna Lund
Name: Deanna Lund
Title: Executive Vice President & Chief Financial Officer

LANZA ACQUISITION CO.

By: /s/ Deanna Lund

Name: Deanna Lund
Title: Executive Vice President & Chief Financial Officer

WILMINGTON TRUST FSB, as Trustee and Collateral Agent

By: /s/ Timothy P. Mowdy
Name: Timothy P. Mowdy
Title: Vice President

EXHIBIT A

[FORM OF INITIAL NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (C) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (a)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S OR REGISTRAR'S, AS APPLICABLE, RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (E) AND (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE OR REGISTRAR.

ACQUISITION CO. LANZA PARENT

10% SENIOR SECURED NOTES DUE 2017

CUSIP No.
No.

$
[or such other principal amount as shall be set forth in the Schedule of Exchanges of Interests in the Global Note attached hereto]

Acquisition Co. Lanza Parent, a Delaware corporation (the "Company", which term includes any successors under the Indenture hereinafter referred to), for value received promises to pay to Cede & Co., or registered assigns, the principal sum of DOLLARS ($) [or such other principal amount as shall be set forth in the Schedule of Exchanges of Interests in the Global Note attached hereto] on June 1, 2017.

Interest Rate: 10%.

Interest Payment Dates: June 1 and December 1, commencing June 1, 2011.

Record Dates: May 15 and November 15.

Reference is made to the further provisions of this Note contained on the reverse side of this Note, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

ACQUISITION CO. LANZA PARENT

By: _____
Name:
Title:

Dated: _____

TRUSTEE CERTIFICATE OF AUTHENTICATION

This is one of the 10% Senior Secured Notes due 2017 referred to in the within-mentioned Indenture.

WILMINGTON TRUST FSB, as Trustee

Dated: _____ By: _____
Authorized Signatory

(REVERSE OF NOTE)

10% Senior Secured Note due 2017

1. Interest. Acquisition Co. Lanza Parent, a Delaware corporation (the "Company", which term includes any successors under the Indenture hereinafter referred to), promises to pay interest on the principal amount of this Note at the rate per annum shown above. Interest on the Note will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from and including December 1, 2010. The Company will pay interest in cash semi-annually in arrears on each Interest Payment Date, commencing June 1, 2011. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Company shall pay interest on overdue principal (including interest accruing at the then applicable rate provided in the Indenture Documents after the occurrence of any Event of Default set forth in Section 6.01(6) or (7) of the Indenture, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws) at 1% per annum in excess of the rate per annum set forth in the Notes (the "Default Rate"), and it shall pay interest on overdue installments of interest and Additional Interest, if any, at the same Default Rate to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date, and on or before such Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal and interest by check payable in such U.S. Legal Tender. The Company shall deliver any such interest payment to the Paying Agent for delivery to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, Wilmington Trust FSB (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. Neither the Company nor any Affiliate of the Company may act as Paying Agent.

4. Indenture. The Notes were issued under an Indenture, dated as of March 25, 2011 (the "Indenture"), by and among the Company, the guarantors party thereto and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code §§ 77aaa-77bbbb) (the "TIA"), as in effect on the date of the Indenture until such time as the Indenture is qualified under the TIA, and thereafter as in effect on the date on which the Indenture is qualified under the TIA. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to in the Indenture and the TIA for a statement of such terms. The Notes are senior secured obligations of the Company. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be

amended from time to time. Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein.

5. Redemption.

(a) Optional Redemption on or after June 1, 2014. Except as described in Sections 5(b) and 5(c) below, the Notes are not redeemable at the option of the Company before June 1, 2014. At any time on or after June 1, 2014, the Company may redeem the Notes, at its option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on June 1 of each of the years set forth below, plus, in each case, accrued and unpaid interest and Additional Interest, if any, thereon to the Redemption Date:

Year	Percentage
2014	105.000%
2015	102.500%
2016 and each year thereafter	100.000%

(b) Optional Redemption Upon Equity Offerings. At any time, or from time to time, on or prior to June 1, 2013, the Company may, at its option, use an amount not to exceed the net cash proceeds of one or more Equity Offerings to redeem up to 35% of the aggregate principal amount of the Notes originally issued under the Indenture at a redemption price of 110% of the aggregate principal amount thereof, plus accrued and unpaid interest and Additional Interest, thereon, if any, to the Redemption Date. In order to effect the foregoing redemption with the proceeds of any Equity Offering,

(1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture shall remain outstanding immediately after such redemption; and

(2) the Redemption Date must be as of a date not more than 120 days after the consummation of any such Equity Offering.

(c) Optional Redemption Prior to June 1, 2014. At any time prior to June 1, 2014, the Company may, at its option, redeem the Notes for cash, in whole or in part, at any time or from time to time, upon not less than 30 days nor more than 60 days notice to each Holder of Notes, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Additional Interest, if any, to the Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

(d) Notice of Redemption. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to the Trustee and to each Holder to be redeemed at its registered address. If fewer than all of the Notes are to be redeemed, at any time, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which

the Notes are listed, or, if the Notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee may reasonably determine is fair and appropriate, provided that no Notes of a principal amount of $2,000 or less shall be redeemed in part; and provided, further, that any such partial redemption made with the proceeds of an Equity Offering will be made only on a *pro rata* basis or on as nearly a *pro rata* basis as is practicable (subject to DTC procedures), unless such method is otherwise prohibited. Notes in denominations of $2,000 or an integral multiple of $1,000 in excess thereof may be redeemed in part.

Except as set forth in the Indenture, if monies for the redemption of the Notes called for redemption shall have been deposited with the Paying Agent for redemption on such Redemption Date sufficient to pay such Redemption Price plus accrued and unpaid interest and Additional Interest, if any, the Notes called for redemption will cease to bear interest from and after such Redemption Date, and the only remaining right of the Holders of such Notes will be to receive payment of the Redemption Price plus accrued and unpaid interest and Additional Interest, if any, as of the Redemption Date upon surrender to the Paying Agent of the Notes redeemed.

(e) Mandatory Redemption. Except as set forth below under clause (i) ("Special Redemption") or (ii) ("Stage II Notes Exchange Redemption"), the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

(i) *Special Redemption*. If the Herley Acquisition shall not have occurred on or prior to the Acquisition Deadline Date (or the Herley Acquisition shall have been terminated or abandoned prior to such date), the Company shall, no later than the sixth day following the Acquisition Deadline Date (or in the case where the Herley Acquisition shall have been terminated or abandoned prior to the Acquisition Deadline Date, no later than the date that is the earlier of (x) the date that is the 30th day following the date of such termination or abandonment and (y) the sixth day following the Acquisition Deadline Date), give the Trustee and the Holders at least five Business Days' (but no more than 10 Business Days') prior written notice of a special redemption by telecopier, courier or first-class mail to the Trustee's Corporate Trust Office and each Holder's registered address and redeem all of the Notes then outstanding (the "Special Redemption") at a redemption price equal to 107% of the aggregate principal amount thereof, together with accrued but unpaid interest (including, for the avoidance of doubt, pre-issuance interest) thereon to the date of such redemption (the "Special Redemption Date") (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

The Company will pay, through the Paying Agent, such redemption price for all Notes together with accrued and unpaid interest to the Special Redemption Date. On and after the Special Redemption Date, interest will cease to accrue on Notes called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of such redemption price pursuant to this Indenture.

(ii) *Stage II Notes Exchange Redemption*. If the Herley Acquisition shall have occurred on or prior to the Acquisition Deadline Date, the Company shall give the Trustee and the Holders at least five Business Days' (but no more than 15 Business Days') prior written notice of a redemption by telecopier, courier or first-class mail to the Trustee's Corporate Trust Office and each Holder's registered address and redeem all of the Notes then outstanding (the "Stage II Notes Exchange Redemption") at a redemption price equal to 100% of the aggregate principal amount thereof. Notwithstanding anything to the contrary in this Note or any other Indenture Document, the consideration paid to each Holder on the date of such Stage II Notes Exchange Redemption (the "Exchange Redemption Date") to redeem its Notes shall only consist of Stage II Notes issued by Kratos (promptly following the merger of the Company with and into Kratos in accordance with the provisions under Section 5.01 in exchange for a like principal amount of such Notes and having the terms described under the section entitled "Description of the Stage II Notes" in the Offering Memorandum. Unless the Exchange Redemption Date is a scheduled Interest Payment Date for the Notes, the Company shall not be obligated to pay to any Holder any accrued and unpaid interest to the Exchange Redemption Date in connection with the Stage II Notes Exchange Redemption, which accrued and unpaid interest will be evidenced by the Stage II Notes issued to such Holder in exchange for its Notes (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

The Company will only pay such redemption price for any Note through the issuance of a Stage II Note having the same principal amount as such Note. On and after the Exchange Redemption Date, interest will cease to accrue on Notes called for redemption and the Notes and the Indenture will be deemed to have been satisfied and discharged in full as long as Kratos has issued to each Holder Stage II Notes in accordance with the preceding paragraph under this clause (ii).

6. Offers to Purchase. Sections 4.10 and 4.11 of the Indenture provide that upon the occurrence of a Change of Control and after certain Asset Sales and subject to further limitations contained therein, the Company will make an offer to purchase certain amounts of the Notes in accordance with the procedures set forth in the Indenture.

7. Registration Rights. Pursuant to the Registration Rights Agreement among the Company, the Guarantors party thereto, Kratos, as issuer under the Stage II Indenture, the guarantors party to the Stage II Indenture and the Initial Purchasers of the Initial Notes, the Company will be obligated to consummate an exchange offer. Upon such exchange offer, the Holders of the Initial Notes shall have the right, subject to compliance with securities laws, to exchange such Initial Notes for 10% Senior Secured Notes due 2017, which have been registered under the Securities Act, in like principal amount and having terms identical in all material respects to the Initial Notes. The Holders of the Initial Notes shall be entitled to receive certain additional interest payments in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Registration Rights Agreement.

8. Denominations; Transfer; Exchange. The Notes are in registered form, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. A Holder shall register the transfer of or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes, fees or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar shall not be required to register the transfer or exchange of any Note (i) during a period beginning at the opening of business fifteen (15) days before the mailing of a notice of redemption of Notes and ending at the close of business on the day of such mailing and (ii) selected for redemption in whole or in part pursuant to Article Three of the Indenture, except the unredeemed portion of any Note being redeemed in part.

9. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it for all purposes.

10. Unclaimed Money. Subject to applicable law, if money for the payment of principal or interest remains unclaimed for two years, the Trustee and the Paying Agent may pay the money without interest thereon back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

11. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee U.S. Legal Tender or U.S. Government Obligations sufficient to pay the principal of and interest on the Notes to redemption or stated maturity and complies with the other provisions of the Indenture relating thereto, the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, except for the rights of Holders to receive payments in respect of the principal of, and premium, if any, interest and Additional Interest, if any, on the Notes when such payments are due from the deposits referred to above.

12. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture, the Notes or the Guarantees may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, and any existing Default or Event of Default or noncompliance with any provision of the Indenture, the Notes or the Guarantees may be waived with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding. Without consent of any Holder, the parties thereto may amend or supplement the Indenture, the Notes or the Guarantees to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes or Guarantees in addition to or in place of certificated Notes or Guarantees, comply with the TIA, or comply with Article Five of the Indenture or make any other change that does not adversely affect the rights of any Holder of a Note.

13. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and the Subsidiaries to, among other things, incur additional Indebtedness or issue Preferred Stock, grant Liens, make payments in respect of their Capital Stock or certain Indebtedness, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Subsidiaries, merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

14. Successors. When a successor assumes, in accordance with the Indenture, all the obligations of its predecessor under the Notes, the Guarantees and the Indenture, the predecessor will be released from those obligations.

15. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding may declare all the Notes to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Notes may not enforce the Indenture except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has received indemnity satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes then outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest and except in case of a failure to comply with Article Five of the Indenture) if it determines that withholding notice is in their interest.

16. Trustee Dealings with Company. Subject to the terms of the TIA and the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, the Subsidiaries or their respective Affiliates as if it were not the Trustee.

17. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, agent, stockholder or Affiliate of the Company or a Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees, the Indenture or the Collateral Agreements or for any claim based on, in respect of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

18. Guarantee. Subject to the terms and conditions of Article Ten of the Indenture, payment of principal, premium, if any, interest and Additional Interest, if any (including interest on overdue principal and overdue interest, if lawful), is unconditionally guaranteed, jointly and severally, by each of the Guarantors.

19. Authentication. This Note shall not be valid until the Trustee or Authenticating Agent manually signs the certificate of authentication on this Note.

20. Governing Law. THIS NOTE, THE GUARANTEES, THE INDENTURE, AND THE COLLATERAL AGREEMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE.

21. Waiver of Jury Trial. Each of the parties hereto and the Holders (by their acceptance of the Note) hereby irrevocably waives, to the fullest extent permitted by law, any and all right to trial by jury in any action or proceeding arising out of or in connection with the Indenture, this Note, the Guarantees, the Collateral Agreements or the transactions contemplated by the Indenture.

22. Security. The Company' and Guarantors' obligations under the Notes are secured by Liens on the Collateral pursuant to the terms of the Collateral Agreements. The actions of the Trustee and the Holders of the Notes secured by such Liens and the application of proceeds from the enforcement of any remedies with respect to such Collateral are limited pursuant to the terms of the Collateral Agreements.

23. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

24. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon, and any such redemption shall not be affected by any defect in or omission of such numbers.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Requests may be made to: Acquisition Co. Lanza Parent, 4820 Eastgate Mall, San Diego, CA 92121.

ASSIGNMENT FORM

If you the Holder want to assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to:

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of assignee)

and irrevocably appoint agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: _____ Signed: _____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: _____

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of the declaration by the SEC of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering resales of this Note (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) March 25, 2012, the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer and that this Note is being transferred:

[Check One]

(1) o to the Company or a subsidiary thereof; or

(2) o pursuant to and in compliance with Rule 144A under the Securities Act; or

(3) o to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) o outside the United States to a person other than a "U.S. person" in compliance with Rule 904 of Regulation S under the Securities Act; or

(5) o pursuant to the exemption from registration provided by Rule 144 under the Securities Act; or

(6) o pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided that if box (3), (4) or (5) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Notes, in its sole discretion, such legal opinions, certifications (including an investment letter in the case of box (3) or (4)) and other information as the Trustee or the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

If none of the foregoing boxes is checked, the Trustee or Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.15 of the Indenture shall have been satisfied.

Dated: _____ Signed: _____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____ _____
NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 (Change of Control Offer) or 4.11 (Asset Sale Offer) of the Indenture, check the appropriate box:

Section 4.10 (Change of Control Offer) [ ]

Section 4.11 (Asset Sale Offer) [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 4.10 (Change of Control Offer) or 4.11 (Asset Sale Offer) of the Indenture, state the amount you elect to have purchased (in denominations of $2,000 or integral multiples of $1,000 in excess thereof, except if you have elected to have all of your Notes purchased):

$

Dated: _____ Signature: _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Social Security or Tax ID No : _____

Signature Guarantee: _____

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of an interest in this Global Note for an interest in another Global Note or for a Physical Note, or exchanges of an interest in another Global Note or a Physical Note for an interest in this Global Note, have been made:

	Amount of Decrease in Principal Amount of this Global Note	Amount of Increase in Principal Amount of this Global Note	Principal Amount of this Global Note Following Such Decrease or Increase	Signature of Authorized Officer of Trustee or Note Custodian
Date of Exchange				

EXHIBIT B

[FORM OF EXCHANGE NOTE]

ACQUISITION CO. LANZA PARENT

10% SENIOR SECURED NOTES DUE 2017

CUSIP No.

No. $

Acquisition Co. Lanza Parent, a Delaware corporation (the "Company", which term includes any successors under the Indenture hereinafter referred to), for value received promise to pay to Cede & Co., or registered assigns, the principal sum of DOLLARS ($) on June 1, 2017.

Interest Rate: 10%.

Interest Payment Dates: June 1 and December 1, commencing June 1, 2011.

Record Dates: May 15 and November 15.

Reference is made to the further provisions of this Note contained on the reverse side of this Note, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

ACQUISITION CO. LANZA PARENT

By: _____

Name:

Title:

Dated: _____

TRUSTEE CERTIFICATE OF AUTHENTICATION

This is one of the 10% Senior Secured Notes due 2017 referred to in the within-mentioned Indenture.

WILMINGTON TRUST FSB, as Trustee

Dated: _____ By: _____
Authorized Signatory

(REVERSE OF NOTE)

10% Senior Secured Note due 2017

1. Interest. Acquisition Co. Lanza Parent, a Delaware corporation (the "Company", which term includes any successor entity under the Indenture hereinafter referred to), promises to pay interest on the principal amount of this Note at the rate per annum shown above. Interest on the Note will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from and including the most recent date on which interest has been paid on the Initial Note with respect to which this Note was exchanged therefor, pursuant to the Exchange Offer and if no interest was paid thereunder, December 1, 2010. The Company will pay interest in cash semi-annually in arrears on each Interest Payment Date, commencing June 1, 2011. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Company shall pay interest on overdue principal (including interest accruing at the then applicable rate provided in the Indenture Documents after the occurrence of any Event of Default set forth in Section 6.01(6) or (7) of the Indenture, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws) at 1% per annum in excess of the rate per annum set forth in the Notes (the "Default Rate"), and it shall pay interest on overdue installments of interest at the same Default Rate to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date, and on or before such Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal and interest by check payable in such U.S. Legal Tender. The Company shall deliver any such interest payment to the Paying Agent for delivery to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, Wilmington Trust FSB (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. Neither the Company nor any Affiliate of the Company may act as Paying Agent.

4. Indenture. The Notes were issued under an Indenture, dated as of March 25, 2011 (the "Indenture"), by and among the Company, the guarantors party thereto and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code §§ 77aaa-77bbbb) (the "TIA"), as in effect on the date of the Indenture until such time as the Indenture is qualified under the TIA, and thereafter as in effect on the date on which the Indenture is qualified under the TIA. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to in the Indenture and the TIA for a statement of such terms.

The Notes are senior secured obligations of the Company. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be amended from time to time. Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein.

5. Redemption.

(a) Optional Redemption on or after June 1, 2014. Except as described in Sections 5(b) and 5(c) below, the Notes are not redeemable at the option of the Company before June 1, 2014. At any time on or after June 1, 2014, the Company may redeem the Notes, at its option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on June 1, of each of the years set forth below, plus, in each case, accrued and unpaid interest thereon to the Redemption Date:

Year	Percentage
2014	105.000%
2015	102.500%
2016 and each year thereafter	100.000%

(b) Optional Redemption Upon Equity Offerings. At any time, or from time to time, on or prior to June 1, 2013, the Company may, at its option, use an amount not to exceed the net cash proceeds of one or more Equity Offerings to redeem up to 35% of the aggregate principal amount of the Notes originally issued under the Indenture at a redemption price of 110% of the aggregate principal amount thereof, plus accrued and unpaid interest to the Redemption Date. In order to effect the foregoing redemption with the proceeds of any Equity Offering,

(1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture shall remain outstanding immediately after such redemption; and

(2) the Redemption Date must be as of a date not more than 120 days after the consummation of any such Equity Offering.

(c) Optional Redemption Prior to June 1, 2014. At any time prior to June 1, 2014, the Company may, at its option, redeem the Notes for cash, in whole or in part, at any time or from time to time, upon not less than 30 days nor more than 60 days notice to each Holder of Notes, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest to the Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

(d) Notice of Redemption. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to the Trustee and to each Holder to be redeemed at its registered address. If fewer than all of the Notes are to be

redeemed, at any time, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee may reasonably determine is fair and appropriate, provided that no Notes of a principal amount of $2,000 or less shall be redeemed in part; and provided, further, that any such partial redemption made with the proceeds of an Equity Offering will be made only on a *pro rata* basis or on as nearly a *pro rata* basis as is practicable (subject to DTC procedures), unless such method is otherwise prohibited. Notes in denominations of $2,000 or an integral multiple of $1,000 in excess thereof more may be redeemed in part.

Except as set forth in the Indenture, if monies for the redemption of the Notes called for redemption shall have been deposited with the Paying Agent for redemption on such Redemption Date sufficient to pay such Redemption Price plus accrued and unpaid interest the Notes called for redemption will cease to bear interest from and after such Redemption Date, and the only remaining right of the Holders of such Notes will be to receive payment of the Redemption Price plus accrued and unpaid interest as of the Redemption Date upon surrender to the Paying Agent of the Notes redeemed.

(e) Mandatory Redemption. Except as set forth below under clause (i) ("Special Redemption") or (ii) ("Stage II Notes Exchange Redemption"), the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

(i) *Special Redemption*. If the Herley Acquisition shall not have occurred on or prior to the Acquisition Deadline Date (or the Herley Acquisition shall have been terminated or abandoned prior to such date), the Company shall, no later than the sixth day following the Acquisition Deadline Date (or in the case where the Herley Acquisition shall have been terminated or abandoned prior to the Acquisition Deadline Date, no later than the date that is the earlier of (x) the date that is the 30th day following the date of such termination or abandonment and (y) the sixth day following the Acquisition Deadline Date), give the Trustee and the Holders at least five Business Days' (but no more than 10 Business Days') prior written notice of a special redemption by telecopier, courier or first-class mail to the Trustee's Corporate Trust Office and each Holder's registered address and redeem all of the Notes then outstanding (the "Special Redemption") at a redemption price equal to 107% of the aggregate principal amount thereof, together with accrued but unpaid interest (including, for the avoidance of doubt, pre-issuance interest) thereon to the date of such redemption (the "Special Redemption Date") (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

The Company will pay, through the Paying Agent, such redemption price for any Note together with accrued and unpaid interest to the Special Redemption Date. On and after the Special Redemption Date, interest will cease to accrue on Notes called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of such redemption price pursuant to this Indenture.

(ii) *Stage II Notes Exchange Redemption*. If the Herley Acquisition shall have occurred on or prior to the Acquisition Deadline Date, the Company shall give the Trustee and the Holders at least five Business Days' (but no more than 15 Business Days') prior written notice of a redemption by telecopier, courier or first-class mail to the Trustee's Corporate Trust Office and each Holder's registered address and redeem all of the Notes then outstanding (the "Stage II Notes Exchange Redemption") at a redemption price equal to 100% of the aggregate principal amount thereof. Notwithstanding anything to the contrary in this Note or any other Indenture Document, the consideration paid to each Holder on the date of such Stage II Notes Exchange Redemption (the "Exchange Redemption Date") to redeem its Notes shall only consist of Stage II Notes issued by Kratos (promptly following the merger of the Company with and into Kratos in accordance with the provisions under Section 5.01 in exchange for a like principal amount of such Notes and having the terms described under the section entitled "Description of the Stage II Notes" in the Offering Memorandum. Unless the Exchange Redemption Date is a scheduled Interest Payment Date for the Notes, the Company shall not be obligated to pay to any Holder any accrued and unpaid interest to the Exchange Redemption Date in connection with the Stage II Notes Exchange Redemption, which accrued and unpaid interest will be evidenced by the Stage II Notes issued to such Holder in exchange for its Notes (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

The Company will only pay such redemption price for any Note through the issuance of a Stage II Note having the same principal amount as such Note. On and after the Exchange Redemption Date, interest will cease to accrue on Notes called for redemption and the Notes and the Indenture will be deemed to have been satisfied and discharged in full as long as Kratos has issued to each Holder Stage II Notes in accordance with the preceding paragraph under this clause (ii).

6. Offers to Purchase. Sections 4.10 and 4.11 of the Indenture provide that upon the occurrence of a Change of Control and after certain Asset Sales and subject to further limitations contained therein, the Company will make an offer to purchase certain amounts of the Notes in accordance with the procedures set forth in the Indenture.

7. Denominations; Transfer; Exchange. The Notes are in registered form, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. A Holder shall register the transfer of or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes, fees or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar shall not be required to register the transfer or exchange of any Note (i) during a period beginning at the opening of business fifteen (15) days before the mailing of a notice of redemption of Notes and ending at the close of business on the

day of such mailing and (ii) selected for redemption in whole or in part pursuant to Article Three of the Indenture, except the unredeemed portion of any Note being redeemed in part.

8. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it and the Notes for all purposes.

9. Unclaimed Money. Subject to applicable law, if money for the payment of principal or interest remains unclaimed for two years, the Trustee and the Paying Agent may pay the money without interest thereon back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

10. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee U.S. Legal Tender or U.S. Government Obligations sufficient to pay the principal of and interest on the Notes to redemption or stated maturity and complies with the other provisions of the Indenture relating thereto, the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, except for the rights of Holders to receive payments in respect of the principal of, and premium, if any, and interest on the Notes when such payments are due from the deposits referred to above.

11. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture, the Notes or the Guarantees may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, and any existing Default or Event of Default or noncompliance with any provision of the Indenture, the Notes or the Guarantees may be waived with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding. Without consent of any Holder, the parties thereto may amend or supplement the Indenture, the Notes or the Guarantees to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes or Guarantees in addition to or in place of certificated Notes or Guarantees, comply with the TIA, or comply with Article Five of the Indenture or make any other change that does not adversely affect the rights of any Holder of a Note.

12. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and the Subsidiaries to, among other things, incur additional Indebtedness or issue Preferred Stock, grant Liens, make payments in respect of their Capital Stock or certain Indebtedness, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Subsidiaries, merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

13. Successors. When a successor assumes, in accordance with the Indenture, all the obligations of its predecessor under the Notes, the Guarantees and the Indenture, the predecessor will be released from those obligations.

14. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding may declare all the Notes to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Notes may not enforce the Indenture except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has received indemnity satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes then outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may

withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest) if it determines that withholding notice is in their interest.

15. Trustee Dealings with Company. Subject to the terms of the TIA and the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, the Subsidiaries or their respective Affiliates as if it were not the Trustee.

16. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, agent, stockholder or Affiliate of the Company or a Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees, this Indenture or the Collateral Agreements or for any claim based on, in respect of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

17. Guarantee. Subject to the terms and conditions of Article Ten of the Indenture, payment of principal, premium, if any, and interest (including interest on overdue principal and overdue interest, if lawful), is unconditionally guaranteed, jointly and severally, by each of the Guarantors.

18. Authentication. This Note shall not be valid until the Trustee or Authenticating Agent manually signs the certificate of authentication on this Note.

19. Governing Law. THIS NOTE, THE GUARANTEES, THE INDENTURE, AND THE COLLATERAL AGREEMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE.

20. Waiver of Jury Trial. Each of the parties hereto and the Holders (by their acceptance of the Note) hereby irrevocably waives, to the fullest extent permitted by law, any and all right to trial by jury in any action or proceeding arising out of or in connection with the Indenture, this Note, the Guarantees, the Collateral Agreements or the transactions contemplated by the Indenture.

21. Security. The Company' and Guarantors' obligations under the Notes are secured by Liens on the Collateral pursuant to the terms of the Collateral Agreements. The actions of the Trustee and the Holders of the Notes secured by such Liens and the application of proceeds from the

enforcement of any remedies with respect to such Collateral are limited pursuant to the terms of the Collateral Agreements.

22. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

23. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon, and any such redemption shall not be affected by any defect in or omission of such numbers.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Requests may be made to: Acquisition Co. Lanza Parent, 4820 Eastgate Mall, San Diego, CA 92121.

ASSIGNMENT FORM

If you the Holder want to assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to:

_____

_____

(Print or type name, address and zip code and social security or tax ID number of assignee)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: _____

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 (Change of Control Offer) or 4.11 (Asset Sale Offer) of the Indenture, check the appropriate box:

Section 4.10 (Change of Control Offer) [ ]

Section 4.11 (Asset Sale Offer) [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 4.10 (Change of Control Offer) or 4.11 (Asset Sale Offer) of the Indenture, state the amount you elect to have purchased (in denominations of $2,000 or an integral multiple of $1,000 in excess thereof, except if you have elected to have all of your Notes purchased):

$

Dated: _____ Signature: _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Social Security or Tax ID No : _____

Signature Guarantee: _____

EXHIBIT C

[FORM OF LEGEND FOR GLOBAL NOTES]

Any Global Note authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS NOTE IS NOT EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (THE "DEPOSITORY"), TO THE COMPANY OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED

OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), UNLESS SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT.](1)

(1) To be included with Temporary Regulation S Global Note.

EXHIBIT D

Form of Certificate To Be
Delivered in Connection with
Transfers to Non-QIB Accredited Investors

,

Wilmington Trust FSB
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402-1544
Attn: Jane Y. Schweiger

Re: 10% Senior Secured Notes due 2017 (the "Notes") of Acquisition Co. Lanza Parent, a Delaware corporation (the "Company," which term includes any successor entity)

Ladies and Gentlemen:

In connection with our proposed purchase of $ aggregate principal amount of the Notes, we confirm that:

1. We have received a copy of the Offering Memorandum (the "Offering Memorandum"), dated March 22, 2011, relating to the Notes and such other information as we deem necessary in order to make our investment decision. We acknowledge that we have read and agreed to the matters stated in the section entitled "Notice to Investors" of the Offering Memorandum.

2. We understand that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Indenture dated as of March 25, 2011 relating to the Notes (the "Indenture") and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

3. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell or otherwise transfer any Notes prior to the date which is within one year after the original issuance of the Notes or the last date on which the Note is owned by the Company or any affiliate of the Company, we will do so only (i) to the Company or any of its subsidiaries, (ii) inside the United States in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), (iii) inside the United States to an institutional "accredited investor" (as defined below) provided that, prior to such transfer, the transferee furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Notes, substantially in the form of this

letter, (iv) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (v) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (vi) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Notes from us a notice advising such purchaser that resales of the Notes are restricted as stated herein.

4. We are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any pension or welfare plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974), except as permitted in the section entitled "Notice to Investors" of the Offering Memorandum.

5. We understand that, on any proposed resale of any Notes, we will be required to furnish to you and the Company such certification, legal opinions and other information as you and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

6. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investment, as the case may be.

7. We are acquiring the Notes purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

8. We are not acquiring Notes with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction; provided that the disposition of our property and the property of any accounts for which we are acting as fiduciary shall remain at all times within our and their control.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby, and we agree to notify you promptly if any of our representations or warranties herein cease to be accurate and complete.

This letter shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of laws.

Very truly yours,

[Name of Transferee]

By: _____
Authorized Signature

EXHIBIT E

Form of Certificate To Be
Delivered in Connection with
Transfers Pursuant to Regulation S

Wilmington Trust FSB
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402-1544
Attn: Jane Y. Schweiger

Re: 10% Senior Secured Notes due 2017 (the "Notes") of Acquisition Co. Lanza Parent, a Delaware corporation (the "Company," which term includes any successor entity)

Ladies and Gentlemen:

In connection with our proposed sale of $ aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

1. the offer of the Notes was not made to a person in the United States;

2. either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

3. no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

4. the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

5. we have advised the transferee of the transfer restrictions applicable to the Notes.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferee]

By: _____
Authorized Signature

EXHIBIT F

FORM OF SUPPLEMENTAL INDENTURE

TO BE DELIVERED BY GUARANTORS

Supplemental Indenture (this "Supplemental Indenture"), dated as of , among the parties identified in the signature page of this Supplemental Indenture as a Guaranteeing Subsidiary (each a "Guaranteeing Subsidiary") of the Company, and Wilmington Trust FSB, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, Acquisition Co. Lanza Parent, a Delaware corporation (the "Issuer") has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of March 25, 2011 providing for the issuance of 10% Senior Secured Notes due 2017 (the "Notes");

WHEREAS, Section 4.16 of the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture and a Guarantee pursuant to which any newly-acquired or created Guarantor shall unconditionally guarantee all of the Company's obligations under the Notes and the Indenture on the terms and conditions set forth therein and herein and in such Guarantee; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and delivery this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Joinder to Indenture. Each of the Guaranteeing Subsidiaries hereby agree to become bound by the terms, conditions and other provisions of the Indenture with all attendant rights, duties and obligations stated therein, with the same force and effect as if originally named as a Guarantor therein and as if such Guaranteeing Subsidiary executed the Indenture on the date thereof.

3. Agreement to Guarantee. Each Guarantor hereby fully, irrevocably and unconditionally, jointly and severally, unconditionally and irrevocably guarantees (such guarantee, as amended or supplemented from time to time, to be referred to herein as the "Guarantee"), to each of the Holders, the Trustee and the Collateral Agent and their respective successors and assigns that (i) the principal of, premium, if any and interest and Additional Interest, if any, on

the Notes shall be promptly paid in full when due, subject to any applicable grace period, whether upon redemption pursuant to the terms of the Notes, by acceleration or otherwise, and interest on the

overdue principal (including interest accruing at the then applicable rate provided in the Indenture Documents after the occurrence of any Event of Default set forth in Section 6.01(6) or 6.01(7) of the Indenture, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), if any, and interest on any interest and Additional Interest, if any, to the extent lawful, of the Notes and all other obligations of the Company to the Holders, the Trustee and the Collateral Agent hereunder, thereunder or under any Collateral Agreement shall be promptly paid in full or performed, all in accordance with the terms hereof, thereof and of the Collateral Agreements; and (ii) in case of any extension of time of payment or renewal of any of the Notes or of any such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to any applicable grace period, whether at stated maturity, by acceleration or otherwise, subject, however, in the case of clauses (i) and (ii) above, to the limitations set forth in Section 10.03 of the Indenture.

The obligations of each Guaranteeing Subsidiary to the Holders and to the Trustee pursuant to this Supplemental Indenture and the Indenture are expressly set forth in Article Ten of the Indenture and reference is hereby made to such Indenture for the precise terms of the Guarantee.

No past, present or future director, officer, employee, incorporator, agent, stockholder or Affiliate of the Company or a Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees, the Indenture or the Collateral Agreements or for any claim based on, in respect of, such obligations or their creation.

The Guarantee executed and delivered hereby is a continuing Guarantee and shall remain in full force and effect and shall be binding upon each Guarantor and its successors and assigns until full and final payment of all of the Company's obligations under the Notes and Indenture or until released or legally defeased in accordance with the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Holders, and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. This is a Guarantee of payment and performance and not of collectibility.

The obligations of each Guaranteeing Subsidiary under its Subsidiary Guarantee shall be limited to the extent necessary to insure that it does not constitute a fraudulent conveyance under applicable law.

THE TERMS OF ARTICLE TEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

4. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR

PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date written below.

GUARANTEEING SUBSIDIARIES:

[ ]
By: _____
Name:
Title:

THE TRUSTEE:
Wilmington Trust FSB, as Trustee

By: _____
Name:
Title:

Exhibit 4.2

EXECUTION VERSION

$285,000,000

ACQUISITION CO. LANZA PARENT
10% Senior Secured Notes due 2017
(Stage I)

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
10% Senior Secured Notes due 2017
(Stage II)

REGISTRATION RIGHTS AGREEMENT

March 25, 2011

JEFFERIES & COMPANY, INC.
520 Madison Avenue
New York, New York 10022

KEYBANC CAPITAL MARKETS INC.
127 Public Square
Cleveland, Ohio 44114

OPPENHEIMER & CO. INC.
300 Madison Avenue
New York, New York 10017

Ladies and Gentlemen:

Acquisition Co. Lanza Parent, a Delaware corporation ("the Stage I Issuer") and a wholly owned unrestricted subsidiary of Kratos Defense & Security Solutions, Inc. ("Kratos" or the "Stage II Issuer"), is issuing and selling to Jefferies & Company, Inc. ("Jefferies") and the other initial purchasers listed in Schedule I hereto (together with Jefferies, the "Initial Purchasers"), upon the terms set forth in the Purchase Agreement, dated March 22, 2011, by and among, the Stage I Issuer, Kratos, Lanza Acquisition Co., a Delaware corporation and an indirect wholly owned subsidiary of Kratos ("Acquisition Co."), the Stage II Guarantors (as defined below) and the Initial Purchasers (the "Purchase Agreement") (which upon consummation of the Acquisition, will have been duly and validly authorized by each of the Herley Entities, as such terms are defined herein), $285,000,000 in aggregate principal amount of its 10% Senior Secured Notes due 2017 issued by the Stage I Issuer (each, a "Stage I Note" and collectively, the "Stage I Notes").

The Stage I Notes will be issued pursuant to an indenture (the "Stage I Indenture"), dated March 25, 2011, by and among the Stage I Issuer, Acquisition Co. and, upon execution and delivery of a joinder agreement thereto, the Herley Entities, as guarantors (the "Stage I Guarantors") and Wilmington Trust FSB, as trustee (in such capacity, the "Stage I Trustee") and collateral agent.

Promptly following the consummation of the Acquisition, (i) the Stage I Issuer will merge with and into Kratos at which time Kratos will, pursuant to a supplemental indenture to the Stage I Indenture, assume the obligations of the Stage I Issuer under the Stage I Notes and related documents and become the Stage I Issuer under the Stage I Indenture and (ii) Kratos, as the Stage I Issuer, will redeem all of the Stage I Notes by issuing in exchange therefor (the "Mandatory Exchange") 10% Senior Secured Notes due 2017 (the "Stage II Notes") to be issued under that certain indenture (the "Existing Kratos Indenture"), dated as of May 19, 2010, among Kratos, the guarantors party thereto (the "Stage II Guarantors") and Wilmington Trust FSB, as trustee (in such capacity, the "Stage II Trustee") and collateral agent, in an aggregate principal amount equal to the aggregate principal amount of such Stage I Notes.

As an inducement to the Initial Purchasers to enter into the Purchase Agreement, the RRA Parties (as defined below) agree with the Initial Purchasers, for the benefit of the Holders (as defined below) of the Notes (including, without limitation, the Initial Purchasers), as set forth below. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers in the Purchase Agreement.

The parties hereto hereby agree as follows:

1. Definitions

Capitalized terms that are used herein without definition and are defined in the Purchase Agreement shall have the respective meanings ascribed to them in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

Acquisition: The acquisition by Acquisition Co. of Herley Industries, Inc. ("Herley") and its subsidiaries (together with Herley, each, a "Herley Entity") pursuant to a merger agreement, dated as of February 7, 2011, among Kratos, Acquisition Co. and Herley and the related transactions.

Additional Interest: See Section 4(a).

Advice: See Section 6(w).

Agreement: This Registration Rights Agreement, dated as of the Closing Date, among Kratos, the Stage I Issuer, the Stage I Guarantors (including, upon execution and delivery of the joinder agreement hereto, the Herley Entities), the Stage II Guarantors and the Initial Purchasers.

Applicable Period: See Section 2(e).

Business Day: A day that is not a Saturday, a Sunday or a day on which banking institutions in the City of New York are authorized or required by law or executive order to be closed.

Closing Date: March 25, 2011.

Collateral Agreements: Shall have the meaning set forth in the Indenture.

Day: Unless otherwise expressly provided, a calendar day.

Effectiveness Date: The 180th day after the Closing Date, or if such date is not a Business Day, the next succeeding Business Day.

Effectiveness Period: See Section 3(a).

Event Date: See Section 4(b).

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

Exchange Notes: (i) Prior to the Mandatory Exchange, the Senior Secured Notes due 2017 of the Stage I Issuer, identical in all material respects to the Stage I Notes, including the related guarantees thereon and (ii) immediately following the Mandatory Exchange, the Senior Secured Notes due 2017 of the Stage II Issuer, identical in all material respects to the Stage II Notes, including the related guarantees thereon, in each case, except for references to series and restrictive legends.

Exchange Offer: See Section 2(a).

Exchange Registration Statement: See Section 2(a).

Existing Kratos Indenture: See the introductory provisions of this Agreement.

Filing Date: The 120th day after the Closing Date, or if such date is not a Business Day, the next succeeding Business Day.

FINRA: Financial Industry Regulatory Authority.

Guarantors: (i) Prior to the Mandatory Exchange, the Stage I Guarantors and (ii) immediately following the Mandatory Exchange, the Stage II Guarantors.

Holder: Any beneficial holder of Registrable Notes.

Indemnified Party: See Section 8(c).

Indemnifying Party: See Section 8(c).

Indenture: (i) Prior to the Mandatory Exchange, the Stage I Indenture and (ii) immediately following the Mandatory Exchange, the Existing Kratos Indenture.

Initial Shelf Registration: See Section 3(a).

Inspectors: See Section 6(o).

Issuer: (i) Prior to the Mandatory Exchange, the Stage I Issuer and (ii) immediately following the Mandatory Exchange, Kratos.

Kratos: See the introductory provisions of this Agreement.

Lien: Shall have the meaning set forth in the Indenture.

Losses: See Section 8(a).

Mandatory Exchange: See the introductory provisions of this Agreement.

Notes: (i) Prior to the Mandatory Exchange, the Stage I Notes and related guarantees thereon and (ii) immediately following the Mandatory Exchange, the Stage II Notes and related guarantees thereon.

Participating Broker-Dealer: See Section 2(e).

Person: An individual, trustee, corporation, partnership, limited liability company, joint stock company, trust, unincorporated association, union, business association, firm, government or agency or political subdivision thereof, or other legal entity.

Private Exchange: See Section 2(f).

Private Exchange Notes: See Section 2(f).

Prospectus: The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Notes covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

Purchase Agreement: See the introductory provisions of this Agreement.

Records: See Section 6(o).

Registrable Notes: (i) Prior to the Mandatory Exchange, the Stage I Notes and applicable Private Exchange Notes, if any, and (ii) immediately following consummation of the Mandatory Exchange, the Stage II Notes and applicable Private Exchange Notes, if any, in each case, that may not be sold without restriction under federal or state securities laws.

Registration Statement: Any registration statement of the RRA Parties filed with the SEC under the Securities Act (including, but not limited to, the Exchange Registration Statement, the Shelf Registration and any subsequent Shelf Registration) that covers any of the Registrable Notes pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

RRA Parties: (i) Prior to the Mandatory Exchange, the Stage I Issuer and the Stage I Guarantors and (ii) immediately following the Mandatory Exchange, the Stage II Issuer and the Stage II Guarantors.

Rule 144: Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the SEC providing for offers and sales of securities made in compliance therewith resulting in offers and sales by subsequent holders that are not affiliates of an issuer or such securities being free of the registration and prospectus delivery requirements of the Securities Act.

Rule 144A: Rule 144A promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the SEC.

Rule 415: Rule 415 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

Rule 430A: Rule 430A promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

SEC: The Securities and Exchange Commission.

Securities: (i) Prior to the Mandatory Exchange, the Stage I Notes and the applicable Exchange Notes and Private Exchange Notes, if any, and (ii) immediately following the Mandatory Exchange, the Stage II Notes and applicable Exchange Notes and Private Exchange Notes, if any.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

Shelf Notice: See Section 2(j).

Shelf Registration: See Section 3(b).

Stage I Guarantors: See the introductory provisions of this Agreement.

Stage I Indenture: See the introductory provisions of this Agreement.

Stage I Issuer: See the introductory provisions of this Agreement.

Stage I Notes: See the introductory provisions of this Agreement.

Stage I Trustee: See the introductory provisions of this Agreement.

Stage II Guarantors: See the introductory provisions of this Agreement.

Stage II Issuer: See the introductory provisions of this Agreement.

Stage II Notes: See the introductory provisions of this Agreement.

Stage II Trustee: See the introductory provisions of this Agreement.

Subsequent Shelf Registration: See Section 3(b).

TIA: The Trust Indenture Act of 1939, as amended.

Trustee: (i) Prior to the Mandatory Exchange, the Stage I Trustee and, if existent, the trustee under any indenture governing the applicable Exchange Notes and Private Exchange Notes (if any) and (ii) immediately following the Mandatory Exchange, the Stage II Trustee and, if existent, the trustee under any indenture governing the applicable Exchange Notes and Private Exchange Notes (if any).

Underwritten Registration or Underwritten Offering: A registration in which securities of the Issuer are sold to an underwriter for reoffering to the public.

2. **Exchange Offer**

(a) Unless the Exchange Offer would not be permitted by applicable laws or a policy of the SEC, the RRA Parties shall (i) prepare and file with the SEC promptly after the date hereof, but in no event later than the Filing Date, a registration statement (the "Exchange Registration Statement") on an appropriate form under the Securities Act with respect to an offer (the "Exchange Offer") to the Holders of Notes, to issue and deliver to such Holders, in exchange for the Notes, a like principal amount of Exchange Notes, (ii) use their commercially reasonable efforts to cause the Exchange Registration Statement to be declared effective as promptly as practicable after the filing thereof, but in no event later than the Effectiveness Date, (iii) use their commercially reasonable efforts to keep the Exchange Registration Statement effective until the consummation of the Exchange Offer in accordance with its terms, and (iv) commence the Exchange Offer and use their commercially reasonable efforts to issue on or prior to thirty (30) Business Days after the

date on which the Exchange Registration Statement is declared effective, Exchange Notes in exchange for all Notes tendered prior thereto in the Exchange Offer. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate applicable law or any applicable interpretation of the staff of the SEC.

(b) The Exchange Notes shall be issued under, and entitled to the benefits of, (i) the Indenture or a trust indenture that is identical to the Indenture (other than such changes as are necessary to comply with any requirements of the SEC to effect or maintain the qualifications thereof under the TIA) and (ii) the Collateral Agreements.

(c) Interest on the Exchange Notes and Private Exchange Notes will accrue from the last interest payment due date on which interest was paid on the Notes, surrendered in exchange therefor or, if no interest has been paid on the Notes, from the date of original issue of the Notes. Each Exchange Note and Private Exchange Note shall bear interest at the rate set forth thereon; *provided*, that interest with respect to the period prior to the issuance thereof shall accrue at the rate or rates borne by the Notes from time to time during such period.

(d) The Issuer may require each Holder, as a condition to participation in the Exchange Offer, to represent (i) that any Exchange Notes received by it will be acquired in the ordinary course of its business, (ii) that at the time of the commencement and consummation of the Exchange Offer such Holder has not entered into any arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes in violation of the provisions of the Securities Act, (iii) that if such Holder is an "affiliate" of the Issuer within the meaning of Rule 405 of the Securities Act, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable to it, (iv) if such Holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the Notes and (v) if such Holder is a Participating Broker-Dealer, that it will deliver a Prospectus in connection with any resale of the Exchange Notes.

(e) The RRA Parties shall include within the Prospectus contained in the Exchange Registration Statement a section entitled "Plan of Distribution" reasonably acceptable to the Initial Purchasers which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that is the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Notes received by such broker-dealer in the Exchange Offer for its own account in exchange for the Notes that were acquired by it as a result of market-making or other trading activity (a "Participating Broker-Dealer"), whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, in the judgment of the Initial Purchasers, represent the prevailing views of the staff of the SEC. Such "Plan of Distribution" section shall also allow, to the extent permitted by applicable policies and regulations of the SEC, the use of the Prospectus by all Persons subject to the prospectus delivery requirements of the Securities Act, including, to the extent so permitted, all Participating Broker-Dealers, and include a statement describing the manner in which Participating Broker-Dealers may resell the Exchange Notes. The Issuer shall use its commercially reasonable efforts to keep the Exchange Registration Statement effective and to amend and supplement the Prospectus contained therein, in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for

such period of time as such Persons must comply with such requirements in order to resell the Exchange Notes (the "Applicable Period").

(f) If, upon consummation of the Exchange Offer, any Initial Purchaser holds any Notes acquired by such Initial Purchaser and having the status of an unsold allotment in the initial distribution, the Issuer (upon the written request from such Initial Purchaser) shall, simultaneously with the delivery of the Exchange Notes in the Exchange Offer, issue and deliver to such Initial Purchaser, in exchange (the "Private Exchange") for the Notes held by such Initial Purchaser, a like principal amount of Senior Secured Notes that are identical to the Exchange Notes except for the existence of restrictions on transfer thereof under the Securities Act and securities laws of the several states of the United States (the "Private Exchange Notes") (and which are issued pursuant to the same indenture as the Exchange Notes). The Private Exchange Notes shall bear the same CUSIP number as the Exchange Notes.

(g) In connection with the Exchange Offer, the RRA Parties shall:

(i) mail to each Holder a copy of the Prospectus forming part of the Exchange Registration Statement, together with an appropriate letter of transmittal that is an exhibit to the Exchange Offer Registration Statement, and any related documents;

(ii) keep the Exchange Offer open for not less than twenty (20) Business Days after the date notice thereof is mailed to the Holders (or longer if required by applicable law);

(iii) utilize the services of a depositary for the Exchange Offer with an address in the Borough of Manhattan, the City of New York, which may be the Trustee or an affiliate thereof;

(iv) permit Holders to withdraw tendered Registrable Notes at any time prior to the close of business, New York time, on the last Business Day on which the Exchange Offer shall remain open; and

(v) otherwise comply in all material respects with all applicable laws.

(h) As soon as practicable after the close of the Exchange Offer or the Private Exchange, as the case may be, the RRA Parties shall:

(i) accept for exchange all Registrable Notes validly tendered pursuant to the Exchange Offer or the Private Exchange, as the case may be, and not validly withdrawn;

(ii) deliver to the Trustee for cancellation all Registrable Notes so accepted for exchange; and

(iii) cause the Trustee to authenticate and deliver promptly to each Holder tendering such Registrable Notes, Exchange Notes or Private Exchange Notes, as the case may be, equal in principal amount to the Notes of such Holder so accepted for exchange.

(i) The Exchange Notes and the Private Exchange Notes may be issued under (i) the Indenture or (ii) an indenture identical to the Indenture (other than such changes as are necessary to comply with any requirements of the SEC to effect or maintain the qualification thereof under the TIA), which in either event will provide that the Exchange Notes will not be subject to the transfer restrictions set forth in the Indenture, that the Private Exchange Notes will be subject to the transfer restrictions set forth in the Indenture, and that the Exchange Notes, the Private Exchange Notes and the Notes, if any, will be deemed one class of security (subject to the provisions of the Indenture) and entitled to participate in all the security granted by the RRA Parties pursuant to the Collateral Agreements and in any Subsidiary Guarantee (as such terms are defined in the Indenture) on an equal and ratable basis.

(j) If: (i) prior to the consummation of the Exchange Offer, the Holders of a majority in aggregate principal amount of Registrable Notes determines in its or their reasonable judgment that (A) the Exchange Notes would not, upon receipt, be tradeable by the Holders thereof without restriction under the Securities Act and the Exchange Act and without material restrictions under applicable Blue Sky or state securities laws, or (B) the interests of the Holders under this Agreement, taken as a whole, would be materially adversely affected by the consummation of the Exchange Offer; (ii) applicable interpretations of the staff of the SEC would not permit the consummation of the Exchange Offer prior to the Effectiveness Date; (iii) subsequent to the consummation of the Private Exchange, any Holder of Private Exchange Notes so requests; (iv) the Exchange Offer is not consummated for any reason within the timeframe set forth in Section 2(a)(iv); or (v) in the case of (A) any Holder not permitted by applicable law or SEC policy to participate in the Exchange Offer, (B) any Holder participating in the Exchange Offer that receives Exchange Notes that may not be sold without restriction under state and federal securities laws (other than due solely to the status of such Holder as an affiliate of the Issuer within the meaning of the Securities Act) or (C) any broker-dealer that holds Notes acquired directly from the Issuer or any of its affiliates and, in each such case contemplated by this clause (v), such Holder notifies the Issuer within six months of consummation of the Exchange Offer, then the Issuer shall promptly (and in any event within five Business Days) deliver to the Holders (or in the case of an occurrence of any event described in clause (v) of this Section 2(j), to any such Holder) and the Trustee notice thereof (the "Shelf Notice") and shall as promptly as possible thereafter file an Initial Shelf Registration pursuant to Section 3.

3. **Shelf Registration**

If a Shelf Notice is delivered pursuant to Section 2(j), then this Section 3 shall apply to all Registrable Notes. Otherwise, upon consummation of the Exchange Offer in accordance with Section 2, the provisions of Section 3 shall apply solely with respect to (i) Notes held by any Holder thereof not permitted to participate in the Exchange Offer, (ii) Notes held by any broker-dealer that acquired such Notes directly from the Issuer or any of its affiliates and (iii) Exchange Notes that are not freely tradeable as contemplated by Section 2(j)(v) hereof, provided in each case that the relevant Holder has duly notified the Issuer within six months of the Exchange Offer as required by Section 2(j)(v).

(a) Initial Shelf Registration. The RRA Parties shall, as promptly as practicable, file with the SEC a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Notes (the "Initial Shelf Registration"). If the applicable RRA Parties have not yet filed an Exchange Registration Statement, the RRA Parties shall file with the SEC the Initial Shelf Registration on or prior to the Filing Date

and shall use their commercially reasonable efforts to cause such Initial Shelf Registration to be declared effective under the Securities Act on or prior to the Effectiveness Date. Otherwise, the RRA Parties shall use their commercially reasonable efforts to file with the SEC the Initial Shelf Registration within thirty (30) days of the delivery of the Shelf Notice and shall use their commercially reasonable efforts to cause such Shelf Registration to be declared effective under the Securities Act as promptly as practicable thereafter (but in no event more than ninety (90) days after delivery of the Shelf Notice). The Initial Shelf Registration shall be on Form S-1 or another appropriate form permitting registration of such Registrable Notes for resale by Holders in the manner or manners reasonably designated by them (including, without limitation, one or more underwritten offerings). The RRA Parties shall not permit any securities other than the Registrable Notes to

be included in any Shelf Registration. The RRA Parties shall use their commercially reasonable efforts to keep the Initial Shelf Registration continuously effective under the Securities Act until the date which is two years from the Closing Date (subject to extension pursuant to the last paragraph of Section 6(w) (the "Effectiveness Period"), or such shorter period ending when (i) all Registrable Notes covered by the Initial Shelf Registration have been sold in the manner set forth and as contemplated in the Initial Shelf Registration (ii) a Subsequent Shelf Registration covering all of the Registrable Notes covered by and not sold under the Initial Shelf Registration or an earlier Subsequent Shelf Registration has been declared effective under the Securities Act or (iii) there cease to be any outstanding Registrable Notes.

(b) Subsequent Shelf Registrations. If the Initial Shelf Registration or any Subsequent Shelf Registration (as defined below) ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the sale of all of the securities registered thereunder), the RRA Parties shall use their commercially reasonable efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within thirty (30) days of such cessation of effectiveness amend such Shelf Registration in a manner to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional "shelf" Registration Statement pursuant to Rule 415 covering all of the Registrable Notes (a "Subsequent Shelf Registration"). If a Subsequent Shelf Registration is filed, the RRA Parties shall use their commercially reasonable efforts to cause the Subsequent Shelf Registration to be declared effective as soon as practicable after such filing and to keep such Subsequent Shelf Registration continuously effective for a period equal to the number of days in the Effectiveness Period less the aggregate number of days during which the Initial Shelf Registration or any Subsequent Shelf Registration was previously continuously effective. As used herein the term "Shelf Registration" means the Initial Shelf Registration and any Subsequent Shelf Registrations.

(c) Supplements and Amendments. The Issuer shall promptly supplement and amend any Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested in writing by the Holders of a majority in aggregate principal amount of the Registrable Notes covered by such Shelf Registration or by any underwriter of such Registrable Notes.

(d) Provision of Information. No Holder of Registrable Notes shall be entitled to include any of its Registrable Notes in any Shelf Registration pursuant to this Agreement unless such Holder furnishes to the Issuer and the Trustee in writing, within twenty (20) days after receipt of a written request therefor, such information as the Issuer and the Trustee

after conferring with counsel with regard to information relating to Holders that would be required by the SEC to be included in such Shelf Registration or Prospectus included therein, may reasonably request for inclusion in any Shelf Registration or Prospectus included therein, and no such Holder shall be entitled to Additional Interest pursuant to Section 4 hereof unless and until such Holder shall have provided such information.

4. **Additional Interest**

(a) The RRA Parties each acknowledge and agree that the Holders of Registrable Notes will suffer damages if the RRA Parties fail to fulfill their material obligations under Section 2 or Section 3 hereof and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, the Issuer agrees to pay additional cash interest on the Notes ("Additional Interest") under the circumstances and to the extent set forth below (each of which shall be given independent effect):

(i) if neither the Exchange Registration Statement nor the Initial Shelf Registration has been filed on or prior to the applicable Filing Date, Additional Interest shall accrue on the Notes over and above any stated interest at a rate of 0.25% per annum of the principal amount of such Notes for the first ninety (90) days immediately following the applicable Filing Date, such Additional Interest rate increasing by an additional 0.25% per annum at the beginning of each subsequent ninety (90) day period;

(ii) if neither the Exchange Registration Statement nor the Initial Shelf Registration is declared effective on or prior to the applicable Effectiveness Date, Additional Interest shall accrue on the Notes over and above any stated interest at a rate of 0.25% per annum of the principal amount of such Notes for the first ninety (90) days immediately following the applicable Effectiveness Date, such Additional Interest rate increasing by an additional 0.25% per annum at the beginning of each subsequent ninety (90) day period;

(iii) if (A) the RRA Parties have not exchanged Exchange Notes for all of the Notes validly tendered in accordance with the terms of the Exchange Offer on or prior to thirty (30) Business Days after the Effectiveness Date, (B) the Exchange Registration Statement ceases to be effective at any time prior to the time that the Exchange Offer is consummated, (C) if applicable, a Shelf Registration has been declared effective and such Shelf Registration ceases to be effective at any time prior to the second anniversary of its effective date (other than such time as all Notes have been disposed of thereunder) and is not declared effective again within thirty (30) days, or (D) pending the announcement of a material corporate transaction, event, occurrence or other item, the Issuer issues a written notice pursuant to Section 6(e)(v) or (vi) that a Shelf Registration Statement or Exchange Registration Statement is unusable and the aggregate number of days in any 365-day period for which all such notices issued or required to be issued, have been, or were required to be, in effect exceeds ninety (90) days in the aggregate or thirty (30) days consecutively, in the case of a Shelf Registration statement, or fifteen (15) days in the aggregate in the case of an Exchange Registration Statement, then Additional Interest shall accrue on the Notes, over and above any stated interest, at a rate of 0.25% per annum of the principal amount of the Notes commencing on (w) the 31st Business Day after the Effectiveness Date, in the case of (A) above, or (x) the date the Exchange

Registration Statement ceases to be effective without being declared effective again within thirty (30) days, in the case of clause (B) above, or (y) the day such Shelf Registration ceases to be effective in the case of (C) above, or (z) the day the Exchange Registration Statement or Shelf Registration ceases to be usable in case of clause (D) above, such Additional Interest rate increasing by an additional 0.25% per annum at the beginning of each such subsequent 90-day period;

provided, however, that the maximum Additional Interest rate on the Notes, may not exceed at any one time in the aggregate 1.00% per annum; and *provided further*, that (1) upon the filing of the Exchange Registration Statement or Initial Shelf Registration (in the case of (i) above), (2) upon the effectiveness of the Exchange Registration Statement or Initial Shelf Registration (in the case of (ii) above), or (3) upon the exchange of Exchange Notes for all Notes tendered (in the case of (iii)(A) above), or upon the effectiveness of the Exchange Registration Statement that had ceased to remain effective (in the case of clause (iii)(B) above), or upon the effectiveness of a Shelf Registration which had ceased to remain effective (in the case of (iii)(C) above), Additional Interest on the Notes as a result of such clause (or the relevant subclause thereof) or upon the usability of such Registration Statement or Exchange Registration Statement (in the case of clause (iii)(D) above), as the case may be, shall cease to accrue.

(b) The Issuer shall notify the Trustee within three Business Days after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). Any amounts of Additional Interest due pursuant to clause (a)(i), (a)(ii) or (a)(iii) of this Section 4 will be payable in cash, on the dates and in the manner provided in the Indenture and whether or not any cash interest would then be payable on such date, commencing with the first such semi-annual date occurring after any such Additional Interest commences to accrue. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the Notes multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months and, in the case of a partial month, the actual number of days elapsed), and the denominator of which is 360.

5. **Hold-Back Agreements**

The Issuer agrees that it will not effect any public or private sale or distribution (including a sale pursuant to Regulation D under the Securities Act) of any securities the same as or similar to those covered by a Registration Statement filed pursuant to Section 2 or 3 hereof (other than Additional Notes (as defined in the Existing Kratos Indenture) issued under the Existing Kratos Indenture), or any securities convertible into or exchangeable or exercisable for such securities, during the ten (10) days prior to, and during the ninety (90)-day period beginning on, the effective date of any Registration Statement filed pursuant to Sections 2 and 3 hereof unless the Holders of a majority in the aggregate principal amount of the Registrable Notes to be included in such Registration Statement consent, if the managing underwriter thereof so requests in writing.

6. **Registration Procedures**

In connection with the filing of any Registration Statement pursuant to Sections 2 or 3 hereof, the RRA Parties shall effect such registrations to permit the sale of such securities covered thereby in

accordance with the intended method or methods of disposition thereof, and pursuant thereto and in connection with any Registration Statement filed by the Issuer hereunder, the RRA Parties shall:

(a) prepare and file with the SEC as soon as practicable after the date hereof but in any event on or prior to the Filing Date, the Exchange Registration Statement or if the Exchange Registration Statement is not filed because of the circumstances contemplated by Section 2(j), a Shelf Registration as prescribed by Section 3, and use their commercially reasonable efforts to cause each such Registration Statement to be declared effective and remain effective as provided herein; *provided* that, if (1) a Shelf Registration is filed pursuant to Section 3 or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period relating thereto, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the RRA Parties shall, if requested, furnish to and afford the Holders of the Registrable Notes to be registered pursuant to such Shelf Registration Statement, each Participating Broker-Dealer, the managing underwriters, if any, and each of their respective counsel, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least three Business Days prior to such filing); *provided* that if the provision of such documents to such Holders would cause the RRA Parties to be in violation of Regulation FD of the Exchange Act, the RRA Parties shall not be required to furnish such documents to such Holders unless such Holders enter into a confidentiality agreement with the RRA Parties with respect thereto in form and substance reasonably satisfactory to the RRA Parties. The RRA Parties shall not file any such Registration Statement or Prospectus or any amendments or supplements thereto in respect of which the Holders must provide information for the inclusion therein without the Holders being afforded an opportunity to review such documentation if the holders of a majority in aggregate principal amount of the Registrable Notes covered by such Registration Statement, or any such Participating Broker-Dealer, as the case may be, the managing underwriters, if any, or any of their respective counsel shall reasonably object in writing on a timely basis. A Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading or fails to comply with the applicable requirements of the Securities Act.

(b) provide an indenture trustee for the Registrable Notes, the Exchange Notes or the Private Exchange Notes, as the case may be, and cause the applicable Indenture (or other indenture relating to the Registrable Notes) to be qualified under the TIA not later than the effective date of the first Registration Statement; and in connection therewith, to effect such changes to such indenture as may be required for such indenture to be so qualified in accordance with the terms of the TIA; and execute, and use their commercially reasonable efforts to cause such trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such indenture to be so qualified in a timely manner.

(c) prepare and file with the SEC such pre-effective amendments and post-effective amendments to each Shelf Registration or Exchange Registration Statement, as the case may be, as may be necessary to keep such Registration Statement continuously effective for the Effectiveness Period or the Applicable Period, as the case may be; cause the

related Prospectus to be supplemented by any Prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; and comply with the provisions of the Securities Act and the Exchange Act applicable to them with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented and with respect to the subsequent resale of any securities being sold by a Participating Broker-Dealer covered by any such Prospectus. The RRA Parties shall not, during the Applicable Period, voluntarily take any action that would result in selling Holders of the Registrable Notes covered by a Registration Statement or Participating Broker-Dealers seeking to sell Exchange Notes not being able to sell such Registrable Notes or such Exchange Notes during that period, unless such action is required by applicable law, rule or regulation or permitted by this Agreement.

(d) furnish to such selling Holders and Participating Broker-Dealers who so request in writing (i) upon receipt by the Issuer of a copy of the order of the SEC declaring such Registration Statement and any post effective amendment thereto effective, (ii) such reasonable number of copies of such Registration Statement and of each amendment and supplement thereto (in each case including any documents incorporated therein by reference and all exhibits), (iii) such reasonable number of copies of the Prospectus included in such Registration Statement (including each preliminary Prospectus) and each amendment and supplement thereto, and such reasonable number of copies of the final Prospectus as filed by the RRA Parties pursuant to Rule 424(b) under the Securities Act, in conformity with the requirements of the Securities Act and each amendment and supplement thereto, and (iv) such other documents (including any amendments required to be filed pursuant to clause (c) of this Section), as any such Person may reasonably request in writing. The RRA Parties hereby consent to the use of the Prospectus by each of the selling Holders of Registrable Notes or each such Participating Broker-Dealer, as the case may be, and the underwriters or agents, if any, and dealers, if any, in connection with the offering and sale of the Registrable Notes covered by, or the sale by Participating Broker-Dealers of the Exchange Notes pursuant to, such Prospectus and any amendment or supplement thereto.

(e) if (1) a Shelf Registration is filed pursuant to Section 3, or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period relating thereto, the Issuer shall notify in writing the selling Holders of Registrable Notes, or each such Participating Broker-Dealer, as the case may be, the managing underwriters, if any, and each of their respective counsel promptly (but in any event within two Business Days) (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective (including in such notice a written statement that any Holder may, upon request, obtain, without charge, one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and exhibits), (ii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any Prospectus or the initiation of any proceedings for that purpose, (iii) if at any time when a Prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Notes the representations and warranties of the RRA Parties contained in any agreement (including any underwriting agreement) contemplated by Section 6(n) hereof cease to be

true and correct, (iv) of the receipt by any RRA Party of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Notes or the Exchange Notes to be sold by any Participating Broker-Dealer for offer or sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, (v) of the happening of any event, the existence of any condition of any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in, or amendments or supplements to, such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement and the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (vi) of any reasonable determination by any RRA Party that a post-effective amendment to a Registration Statement would be appropriate and (vii) of any request by the SEC for amendments to the Registration Statement or supplements to the Prospectus or for additional information relating thereto.

(f) use their commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Notes or the Exchange Notes to be sold by any Participating Broker-Dealer, for sale in any jurisdiction, and, if any such order is issued, to use their commercially reasonable efforts to obtain the withdrawal of any such order at the earliest possible date.

(g) if (A) a Shelf Registration is filed pursuant to Section 3, (B) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period or (C) reasonably requested in writing by the managing underwriters, if any, or the Holders of a majority in aggregate principal amount of the Registrable Notes being sold in connection with an underwritten offering, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information or revisions to information therein relating to such underwriters or selling Holders as the managing underwriters, if any, or such Holders or any of their respective counsel reasonably request in writing to be included or made therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Issuer has received notification of the matters to be incorporated in such Prospectus supplements or post-effective amendment.

(h) prior to any public offering of Registrable Notes or any delivery of a Prospectus contained in the Exchange Registration Statement by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, use their commercially reasonable efforts to register or qualify, and to cooperate with the selling Holders of Registrable Notes or each such Participating Broker-Dealer, as the case may be, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Notes or Exchange Notes, as the case may be, for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder, Participating Broker-Dealer or any managing underwriter or underwriters, if any, reasonably request in writing; *provided* that where Exchange Notes held by Participating

Broker-Dealers or Registrable Notes are offered other than through an underwritten offering, the RRA Parties agree to cause its counsel to perform Blue Sky investigations and file any registrations and qualifications required to be filed pursuant to this Section 6(h), keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Exchange Notes held by Participating Broker-Dealers or the Registrable Notes covered by the applicable Registration Statement; *provided* that none of the RRA Parties shall be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in any such jurisdiction where it is not then so subject.

(i) if (A) a Shelf Registration is filed pursuant to Section 3 or (B) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 is requested to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, cooperate with the selling Holders of Registrable Notes and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Notes to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company, and enable such Registrable Notes to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or Holders may reasonably request.

(j) use their commercially reasonable efforts to cause the Registrable Notes covered by any Registration Statement to be registered with or approved by such governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter, if any, to consummate the disposition of such Registrable Notes, except as may be required solely as a consequence of the nature of such selling Holder's business, in which case the RRA Parties shall cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals; *provided* that none of the RRA Parties shall be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any jurisdiction where it is not then so subject or (C) subject itself to taxation in any such jurisdiction where it is not then so subject.

(k) if (1) a Shelf Registration is filed pursuant to Section 3, or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, upon the occurrence of any event contemplated by paragraph 6(e)(v) or 6(e)(vi) hereof, as promptly as practicable, prepare and file with the SEC, at the expense of the RRA Parties, a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Notes being sold thereunder or to the purchasers of the Exchange Notes to whom such Prospectus will be delivered by a Participating Broker-Dealer, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and, if SEC

review is required, use their commercially reasonable efforts to cause such post-effective amendment to be declared effective as soon as possible.

(l) use their commercially reasonable efforts to cause the Registrable Notes covered by a Registration Statement to be rated with such appropriate rating agencies, if so requested in writing by the Holders of a majority in aggregate principal amount of the Registrable Notes covered by such Registration Statement or the managing underwriter or underwriters, if any.

(m) prior to the initial issuance of the Exchange Notes, (i) provide the Trustee with one or more certificates for the Registrable Notes in a form eligible for deposit with The Depository Trust Company and (ii) provide a CUSIP number for the Exchange Notes.

(n) if a Shelf Registration is filed pursuant to Section 3, enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings of debt securities similar to the Notes, as may be appropriate in the circumstances) and take all such other actions in connection therewith (including those reasonably requested in writing by the managing underwriters, if any, or the Holders of a majority in aggregate principal amount of the Registrable Notes being sold) in order to expedite or facilitate the registration or the disposition of such Registrable Notes, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, (i) make such representations and warranties to the Holders and the underwriters, if any, with respect to the business of the Issuer and its subsidiaries as then conducted, and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings of debt securities similar to the Notes, as may be appropriate in the circumstances, and confirm the same if and when reasonably required; (ii) obtain an opinion of counsel to the RRA Parties and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the Holders of a majority in aggregate principal amount of the Registrable Notes being sold), addressed to each selling Holder and each of the underwriters, if any, covering the matters customarily covered in opinions of counsel to the RRA Parties requested in underwritten offerings of debt securities similar to the Notes, as may be appropriate in the circumstances; (iii) obtain "cold comfort" letters and updates thereof (which letters and updates (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters) from the independent certified public accountants of the Issuer (and, if necessary, any other independent certified public accountants of any subsidiary of the Issuer or of any business acquired by the Issuer for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of debt securities similar to the Notes, as may be appropriate in the circumstances, and such other matters as reasonably requested in writing by the underwriters; and (iv) deliver such documents and certificates as may be reasonably requested in writing by the Holders of a majority in aggregate principal amount of the Registrable Notes being sold and the managing underwriters, if any, to evidence the continued validity of the representations and warranties of the Issuer and its subsidiaries made pursuant to clause (i) above and to evidence compliance with any conditions contained in the underwriting agreement or other similar agreement entered into by any RRA Party.

(o) if (1) a Shelf Registration is filed pursuant to Section 3, or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, make available for inspection by any selling Holder of such Registrable Notes being sold, or each such Participating Broker-Dealer, as the case may be, any underwriter participating in any such disposition of Registrable Notes, if any, and any attorney, accountant or other agent retained by any such selling Holder or each such Participating Broker-Dealer, as the case may be, or underwriter (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours, all financial and other records and pertinent corporate documents of the Issuer and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors and employees of the Issuer and its subsidiaries to supply all information reasonably requested in writing by any such Inspector in connection with such Registration Statement. Each Inspector shall agree in writing that it will keep the Records confidential and not disclose any of the Records unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (iii) the information in such Records is public or has been made generally available to the public other than as a result of a disclosure or failure to safeguard by such Inspector or (iv) disclosure of such information is, in the reasonable written opinion of counsel for any Inspector, necessary or advisable in connection with any action, claim, suit or proceeding, directly or indirectly, involving or potentially involving such Inspector and arising out of, based upon, related to, or involving this Agreement, or any transaction contemplated hereby or arising hereunder. Each selling Holder of such Registrable Notes and each such Participating Broker-Dealer will be required to agree that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Issuer unless and until such is made generally available to the public. Each Inspector, each selling Holder of such Registrable Notes and each such Participating Broker-Dealer will be required to further agree that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Issuer and, to the extent practicable, use their commercially reasonable efforts to allow the Issuer, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential at its expense.

(p) comply with all applicable rules and regulations of the SEC and make generally available to the security holders of the Issuer with regard to any Applicable Registration Statement earning statements satisfying the provisions of section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than forty-five (45) days after the end of any twelve month period (or ninety (90) days after the end of any twelve month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Notes are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Issuer after the effective date of a Registration Statement, which statements shall cover said twelve month periods.

(q) upon consummation of a Private Exchange, obtain an opinion of counsel to the RRA Parties (in form, scope and substance reasonably satisfactory to Jefferies), addressed to

the Trustee for the benefit of all Holders participating in the Private Exchange to the effect that (i) the RRA Parties have duly authorized, executed and delivered the Private Exchange Notes and the Indenture, (ii) the Private Exchange Notes and the Indenture constitute legal, valid and binding obligations of the RRA Parties party thereto, enforceable against the RRA Parties party thereto in accordance with their respective terms, except as such enforcement may be subject to customary United States and foreign exceptions and (iii) all obligations of the RRA Parties under the Private Exchange Notes and the Indenture are secured by Liens (as defined in the Indenture) on the assets securing the obligations of the Issuer under the Notes, Indenture and Collateral Agreements to the extent and as discussed in the Registration Statement.

(r) if the Exchange Offer or a Private Exchange is to be consummated, upon delivery of the Registrable Notes by the Holders to the RRA Parties (or to such other Person as directed by the RRA Parties) in exchange for the Exchange Notes or the Private Exchange Notes, as the case may be, the RRA Parties shall mark, or caused to be marked, on such Registrable Notes that the Exchange Notes or the Private Exchange Notes, as the case may be, are being issued as substitute evidence of the indebtedness originally evidenced by the Registrable Notes; *provided* that in no event shall such Registrable Notes be marked as paid or otherwise satisfied.

(s) cooperate with each seller of Registrable Notes covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Notes and their respective counsel in connection with any filings required to be made with FINRA.

(t) use their commercially reasonable efforts to cause all Securities covered by a Registration Statement to be listed on each securities exchange, if any, on which similar debt securities issued by the Issuer are then listed.

(u) use their commercially reasonable efforts to take all other steps reasonably necessary to effect the registration of the Registrable Notes covered by a Registration Statement contemplated hereby.

(v) the Issuer may require each seller of Registrable Notes or Participating Broker-Dealer as to which any registration is being effected to furnish to the Issuer such information regarding such seller or Participating Broker-Dealer and the distribution of such Registrable Notes as the Issuer, may, from time to time, reasonably request in writing. The Issuer may exclude from such registration the Registrable Notes of any seller who fails to furnish such information within a reasonable time (which time in no event shall exceed thirty (30) days, subject to Section 3(d) hereof) after receiving such request. Each seller of Registrable Notes or Participating Broker-Dealer as to which any registration is being effected agrees to furnish promptly to the Issuer all information required to be disclosed in order to make the information previously furnished by such seller not materially misleading.

(w) each Holder of Registrable Notes and each Participating Broker-Dealer agrees by acquisition of such Registrable Notes or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, that, upon receipt of any notice from the Issuer of the happening of any

event of the kind described in Section 6(e)(ii), 6(e)(iv), 6(e)(v), or 6(e)(vi), such Holder will forthwith discontinue disposition of such Registrable Notes covered by a Registration Statement and such Participating Broker-Dealer will forthwith

discontinue disposition of such Exchange Notes pursuant to any Prospectus and, in each case, forthwith discontinue dissemination of such Prospectus until such Holder's or Participating Broker-Dealer's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(k), or until it is advised in writing (the "Advice") by the RRA Parties that the use of the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto and, if so directed by the RRA Parties, such Holder or Participating Broker-Dealer, as the case may be, will deliver to the Issuer all copies, other than permanent file copies, then in such Holder's or Participating Broker-Dealer's possession, of the Prospectus covering such Registrable Notes current at the time of the receipt of such notice. In the event the RRA Parties shall give any such notice, the Applicable Period shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each Participating Broker-Dealer shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 6(k) or (y) the Advice.

7. **Registration Expenses**

(a) All fees and expenses incident to the performance of or compliance with this Agreement by the RRA Parties shall be borne by the RRA Parties, whether or not the Exchange Offer or a Shelf Registration is filed or becomes effective, including, without limitation, (i) all registration and filing fees, including, without limitation, (A) fees with respect to filings required to be made with FINRA in connection with any underwritten offering and (B) fees and expenses of compliance with state securities or Blue Sky laws as provided in Section 6(h) hereof (including, without limitation, reasonable fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Notes or Exchange Notes and determination of the eligibility of the Registrable Notes or Exchange Notes for investment under the laws of such jurisdictions (x) where the Holders are located, in the case of the Exchange Notes, or (y) as provided in Section 6(h), in the case of Registrable Notes or Exchange Notes to be sold by a Participating Broker-Dealer during the Applicable Period)), (ii) printing expenses, including, without limitation, expenses of printing Prospectuses if the printing of Prospectuses is requested by the managing underwriter or underwriters, if any, or by the Holders of a majority in aggregate principal amount of the Registrable Notes included in any Registration Statement or by any Participating Broker-Dealer during the Applicable Period, as the case may be, (iii) messenger, telephone and delivery expenses incurred in connection with the performance of their obligations hereunder, (iv) fees and disbursements of counsel for the RRA Parties and, subject to 7(b), the Holders, (v) fees and disbursements of all independent certified public accountants referred to in Section 6 (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance), (vi) rating agency fees and the fees and expenses incurred in connection with the listing of the Securities to be registered on any securities exchange, (vii) Securities Act liability insurance, if the RRA Parties desire such insurance, (viii) fees and expenses of all other Persons retained by the RRA Parties, (ix) fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in an offering pursuant to Section 3 of Schedule E to the By-laws of FINRA, but only where the need for such a "qualified independent underwriter" arises due to a relationship with the RRA Parties, (x) internal expenses of the RRA Parties (including, without limitation, all salaries and expenses of officers and employees of the RRA Parties performing legal or accounting duties), (xi) the expense of any annual audit, (xii) the fees and expenses of the Trustee and the Exchange Agent and (xiii) the expenses relating to printing, word

processing and distributing all Registration Statements, underwriting agreements, securities sales agreements, indentures and any other documents necessary in order to comply with this Agreement.

(b) The RRA Parties shall reimburse the Holders for the reasonable fees and disbursements of not more than one counsel chosen by the Holders of a majority in aggregate principal amount of the Registrable Notes to be included in any Registration Statement. The RRA Parties shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of the Exchange Notes or Private Exchange Notes in exchange for the Notes; *provided* that the Issuer shall not be required to pay taxes payable in respect of any transfer involved in the issuance or delivery of any Exchange Note or Private Exchange Note in a name other than that of the Holder of the Note in respect of which such Exchange Note or Private Exchange Note is being issued. The RRA Parties shall reimburse the Holders for fees and expenses (including reasonable fees and expenses of counsel to the Holders) relating to any enforcement of any rights of the Holders under this Agreement.

8. **Indemnification**

(a) Indemnification by the RRA Parties. Each of the RRA Parties, jointly and severally, agree to indemnify and hold harmless each Holder of Registrable Notes, Exchange Notes or Private Exchange Notes and each Participating Broker-Dealer selling Exchange Notes during the Applicable Period, each Person, if any, who controls each such Holder (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) and the officers, directors and partners of each such Holder, Participating Broker-Dealer and controlling person, to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees as provided in this Section 8) and expenses (including, without limitation, reasonable costs and expenses incurred in connection with investigating, preparing, pursuing or defending against any of the foregoing) (collectively, "Losses"), as incurred, directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or form of prospectus, or in any amendment or supplement thereto, or in any preliminary prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except insofar as such Losses are solely based upon information relating to such Holder or Participating Broker-Dealer and furnished in writing to the RRA Parties (or reviewed and approved in writing) by such Holder or Participating Broker-Dealer or their counsel expressly for use therein; *provided*, *however*, that the RRA Parties will not be liable to any Indemnified Party (as defined below) under this Section 8 to the extent Losses were solely caused by an untrue statement or omission or alleged untrue statement or omission that was contained or made in any preliminary prospectus and corrected in the Prospectus or any amendment or supplement thereto if (i) the

Prospectus does not contain any other untrue statement or omission or alleged untrue statement or omission of a material fact that was the subject matter of the related proceeding, (ii) any such Losses resulted from an action, claim or suit by any Person who purchased Registrable Notes or Exchange Notes which are the subject thereof from such Indemnified Party and (iii) it is established in the related proceeding that such Indemnified Party failed to deliver or provide a copy of the Prospectus (as amended or supplemented) to such Person with or prior to the confirmation of the sale of such

Registrable Notes or Exchange Notes sold to such Person if required by applicable law, unless such failure to deliver or provide a copy of the Prospectus (as amended or supplemented) was a result of noncompliance by the Issuer with Section 6 of this Agreement. Each of the RRA Parties also agree to indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers, directors, agents and employees and each Person who controls such Persons (within the meaning of Section 5 of the Securities Act or Section 20(a) of the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders or the Participating Broker-Dealer.

(b) Indemnification by Holder. In connection with any Registration Statement, Prospectus or form of prospectus, any amendment or supplement thereto, or any preliminary prospectus in which a Holder is participating, such Holder shall furnish to the RRA Parties in writing such information as the RRA Parties reasonably request for use in connection with any Registration Statement, Prospectus or form of prospectus, any amendment or supplement thereto, or any preliminary prospectus and shall indemnify and hold harmless the RRA Parties, their respective directors and each Person, if any, who controls the RRA Parties (within the meaning of Section 15 of the Securities Act and Section 20(a) of the Exchange Act), and the directors, officers and partners of such controlling persons, to the fullest extent lawful, from and against all Losses arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading to the extent, but only to the extent, that such losses are finally judicially determined by a court of competent jurisdiction in a final, unappealable order to have resulted solely from an untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact contained in or omitted from any information so furnished in writing by such Holder to the RRA Parties expressly for use therein. Notwithstanding the foregoing, in no event shall the liability of any selling Holder be greater in amount than such Holder's Maximum Contribution Amount (as defined below).

(c) Conduct of Indemnification Proceedings. If any proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the party or parties from which such indemnity is sought (the "Indemnifying Party" or "Indemnifying Parties", as applicable) in writing; *provided*, that the failure to so notify the Indemnifying Parties shall not (i) relieve such Indemnifying Party from any obligation or liability unless and only to the extent it is materially prejudiced as a result thereof and (ii) will not, in any event, relieve the Indemnifying Party from any obligations to any Indemnified Party.

The Indemnifying Party shall have the right, exercisable by giving written notice to an Indemnified Party, within twenty (20) Business Days after receipt of written notice from such Indemnified Party of such proceeding, to assume, at its expense, the defense of any such proceeding, *provided*, that an Indemnified Party shall have the right to employ separate counsel in any such proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or parties unless: (1) the Indemnifying Party has agreed to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such proceeding or shall have failed to employ counsel reasonably satisfactory to such Indemnified Party; or (3) the named parties to any such proceeding (including any impleaded parties) include both such

Indemnified Party and the Indemnifying Party or any of its affiliates or controlling persons, and such Indemnified Party shall have been advised by counsel that there may be one or more defenses available to such Indemnified Party that are in addition to, or in conflict with, those defenses available to the Indemnifying Party or such affiliate or controlling person (in which case, if such Indemnified Party notifies the Indemnifying Parties in writing that it elects to employ separate counsel at the expense of the Indemnifying Parties, the Indemnifying Parties shall not have the right to assume the defense and the reasonable fees and expenses of such counsel shall be at the expense of the Indemnifying Party; it being understood, however, that, the Indemnifying Party shall not, in connection with any one such proceeding or separate but substantially similar or related proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for such Indemnified Party).

No Indemnifying Party shall be liable for any settlement of any such proceeding effected without its written consent, which shall not be unreasonably withheld, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such proceeding, each Indemnifying Party jointly and severally agrees, subject to the exceptions and limitations set forth above, to indemnify and hold harmless each Indemnified Party from and against any and all Losses by reason of such settlement or judgment. The Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement unless such judgment or settlement (i) includes as an unconditional term thereof the giving by the claimant or plaintiff to each Indemnified Party of a release, in form and substance reasonably satisfactory to the Indemnified Party, from all liability in respect of such proceeding for which such Indemnified Party would be entitled to indemnification hereunder (whether or not any Indemnified Party is a party thereto) and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an Indemnified Party or is insufficient to hold such Indemnified Party harmless for any Losses in respect of which this Section 8 would otherwise apply by its terms (other than by reason of exceptions provided in this Section 8), then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall have a joint and several obligation to contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party, on the one hand, and Indemnified Party, on the other hand, shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnifying Party or Indemnified Party, and the parties' relative

intent, knowledge, access to information and opportunity to correct or prevent any such statement or omission. The amount paid or payable by an Indemnified Party as a result of any Losses shall be deemed to include any legal or other fees or expenses incurred by such party in connection with any proceeding, to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in Section 8(a) or 8(b) was available to such party.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8(d), a selling Holder shall not be required to contribute, in the aggregate, any amount in excess of such Holder's Maximum Contribution Amount. A selling Holder's

"Maximum Contribution Amount" shall equal the excess of (i) the aggregate proceeds received by such Holder pursuant to the sale of such Registrable Notes or Exchange Notes over (ii) the aggregate amount of damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of the Registrable Securities held by each Holder hereunder and not joint. The obligations of each of the RRA Parties, to contribute pursuant to this Section 8(d) are joint and several.

The indemnity and contribution agreements contained in this Section 8 are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

9. **Rules 144 and 144A**

The Issuer covenants that it shall (a) file the reports required to be filed by it (if so required) under the Securities Act and the Exchange Act in a timely manner and, if at any time the Issuer is not required to file such reports, it will, upon the written request of any Holder of Registrable Notes, make publicly available other information necessary to permit sales pursuant to Rule 144 and 144A and (b) take such further action as any Holder may reasonably request in writing, all to the extent required from time to time to enable such Holder to sell Registrable Notes without registration under the Securities Act pursuant to the exemptions provided by Rule 144 and Rule 144A. Upon the request of any Holder, the Issuer shall deliver to such Holder a written statement as to whether it has complied with such information and requirements.

10. **Underwritten Registrations of Registrable Notes**

If any of the Registrable Notes covered by any Shelf Registration is to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will manage the offering will be selected by the Holders of a majority in aggregate principal amount of such Registrable Notes included in such offering; *provided*, *however*, that such investment banker or investment bankers and manager or managers must be reasonably acceptable to the Issuer.

No Holder of Registrable Notes may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Notes on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

11. **Miscellaneous**

(a) Remedies. In the event of a breach by any RRA Party of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights provided herein, in the Indenture or, in the case of the Initial Purchasers, in the Purchase Agreement, or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The RRA Parties agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by any RRA Party of any of the provisions of this Agreement and hereby further agree that, in the event of any action for specific performance in respect of such breach, the RRA Parties shall waive the defense that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The RRA Parties have not entered, as of the date hereof, and the RRA Parties shall not enter, after the date of this Agreement, into any agreement with respect to any of its securities that is inconsistent with the rights granted to the Holders of Securities in this Agreement or otherwise conflicts with the provisions hereof. The RRA Parties have not entered and will not enter into any agreement with respect to any of its securities that will grant to any Person piggy-back rights with respect to a Registration Statement.

(c) Adjustments Affecting Registrable Notes. The Issuer shall not, directly or indirectly, take any action with respect to the Registrable Notes as a class that would adversely affect the ability of the Holders to include such Registrable Notes in a registration undertaken pursuant to this Agreement.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of the Holders of not less than a majority in aggregate principal amount of the then outstanding Registrable Notes in circumstances that would adversely affect any Holders of Registrable Notes; *provided*, *however*, that Section 8 and this Section 11(d) may not be amended, modified or supplemented without the prior written consent of each Holder. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Notes whose securities are being tendered pursuant to the Exchange Offer or sold pursuant to a Notes Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Notes may be given by Holders of at least a majority in aggregate principal amount of the Registrable Notes being tendered or being sold by such Holders pursuant to such Notes Registration Statement.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, next-day air courier or telecopier:

(i) if to a Holder of Securities or to any Participating Broker-Dealer, at the most current address of such Holder or Participating Broker-Dealer, as the case may be, set forth on the records of the registrar of the Notes, with a copy in like manner to Jefferies as follows:

Jefferies & Company, Inc.
520 Madison Avenue
New York, New York 10022
Attention: General Counsel

(ii) if to the Initial Purchasers, at the address specified in Section 11(e)(1);

(iii) if to any of the RRA Parties, as follows:

Kratos Defense & Security Solutions, Inc.
4820 Eastgate Mall
San Diego, California 92121
Attention: Eric DeMarco

with a copy to:

Paul, Hastings, Janofsky & Walker LLP
4747 Executive Drive, 12th Floor
San Diego, California 92121
Attention: Deyan Spiridonov

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five business days after being deposited in the United States mail, postage prepaid, if mailed, one business day after being deposited in the United States mail, postage prepaid, if mailed; one business day after being timely delivered to a next-day air courier guaranteeing overnight delivery; and when receipt is acknowledged by the addressee, if telecopied.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee under the Indenture at the address specified in such Indenture.

(f) 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, including, without limitation and without the need for an express assignment, subsequent Holders of Securities.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW. THE RRA PARTIES HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND IRREVOCABLY ACCEPTS FOR ITS AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. THE RRA PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TRIAL BY JURY AND ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE RRA PARTIES IRREVOCABLY CONSENT, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE RRA PARTIES

AT THEIR SAID ADDRESS, SUCH SERVICE TO BECOME EFFECTIVE THIRTY (30) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY HOLDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE RRA PARTIES IN ANY OTHER JURISDICTION.

(j) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an

alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(k) Securities Held by the Issuer or Its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Securities is required hereunder, Securities held by the Issuer or its affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(l) Third Party Beneficiaries. Holders and Participating Broker-Dealers are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Persons.

(m) Entire Agreement. This Agreement, together with the Purchase Agreement, the Indenture and the Collateral Agreements, is intended by the parties as a final and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein and any and all prior oral or written agreements, representations, or warranties, contracts, understanding, correspondence, conversations and memoranda between the Initial Purchasers on the one hand and the RRA Parties on the other, or between or among any agents, representatives, parents, subsidiaries, affiliates, predecessors in interest or successors in interest with respect to the subject matter hereof and thereof are merged herein and replaced hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

ACQUISITION CO. LANZA PARENT

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

LANZA ACQUISITION CO.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

AI METRIX, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

AIRORLITE COMMUNICATIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

CHARLESTON MARINE CONTAINERS INC.

By /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DALLASTOWN REALTY I, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Gichner Holdings, Inc., sole member of Dallastown Realty I, LLC

DALLASTOWN REALTY II, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Gichner Holdings, Inc., sole member of Dallastown Realty II, LLC

DEFENSE SYSTEMS, INCORPORATED

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DEI SERVICES CORPORATION

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DIGITAL FUSION SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DIGITAL FUSION, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DIVERSIFIED SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DTI ASSOCIATES, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

GICHNER HOLDINGS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

GICHNER SYSTEMS INTERNATIONAL, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

GICHNER SYSTEMS GROUP, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HAVERSTICK CONSULTING, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HAVERSTICK GOVERNMENT SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a Delaware corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a Colorado corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a Virginia corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,

a New Jersey corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a California corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HGS HOLDINGS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

JMA ASSOCIATES, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS DEFENSE ENGINEERING SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS PUBLIC SAFETY & SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS MID-ATLANTIC, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS SOUTHEAST, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS SOUTHWEST L.P.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS TEXAS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

MADISON RESEARCH CORPORATION

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

NATIONAL SAFE OF CALIFORNIA, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

POLEXIS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

REALITY BASED IT SERVICES, LTD.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

ROCKET SUPPORT SERVICES LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SHADOW I, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SHADOW II, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SHADOW III, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SCT ACQUISITION, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SCT REAL ESTATE, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of SCT Acquisition, LLC, sole member of SCT Real Estate, LLC

SUMMIT RESEARCH CORPORATION

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS TECHNOLOGY & TRAINING SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

WFI NMC CORP.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

ACCEPTED AND AGREED TO:

JEFFERIES & COMPANY, INC.

By: /s/ Kevin Lockhart
Name: Kevin Lockhart
Title: Managing Director

KEYBANC CAPITAL MARKETS INC.

By: /s/ Gary Andrews
Name: Gary Andrews
Title: Managing Director

OPPENHEIMER & CO. INC.

By: /s/ Brian S. Perman
Name: Brian S. Perman
Title: Managing Director

SCHEDULE I

INITIAL PURCHASERS

Jefferies & Company, Inc

KeyBanc Capital Markets Inc.

Oppenheimer & Co. Inc.

EXHIBIT A

JOINDER AGREEMENT

[·], 2011

Pursuant to Section 5(t) of the Purchase Agreement, such section being an inducement to the Initial Purchasers, to execute the Purchase Agreement, the undersigned hereby execute this joinder agreement (the "Joinder Agreement"), whereby each of the undersigned agrees, on a joint and several basis, to accede to the terms of the registration rights agreement (the "Registration Rights Agreement), dated as of March 25, 2011, among Acquisition Co. Lanza Parent, a Delaware corporation (the "Stage I Issuer"), Kratos Defense & Security Solutions, Inc., a Delaware corporation (the "Kratos" or the "Stage II Issuer"), Lanza Acquisition Co., a Delaware corporation ("Acquisition Co."), the other guarantor parties thereto and the Initial Purchasers. Capitalized terms used in this Joinder Agreement without definition have the respective meanings given to them in the Registration Rights Agreement.

Each of the undersigned Herley Entities undertakes to perform, on a joint and several basis, all of the obligations of the Guarantors set forth in the Registration Rights Agreement, as though the undersigned had entered into the Registration Rights Agreement on the Issue Date. Each of the undersigned agrees that such obligations include, without limitation, (a) the Herley Entities' assumption of all of the obligations of the Guarantors to perform and comply with all of the agreements thereof contained in the Registration Rights Agreement and (b) the Herley Entities' assumption, to the same extent as set forth therein but on a joint and several basis, of all of the Issuer's and the Guarantors' indemnification and other obligations contained in Section 8 of the Registration Rights Agreement.

This Joinder Agreement shall be governed and construed in accordance with the laws of the state of New York applicable to agreements made and to be performed in New York State.

This Joinder Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page by facsimile, e-mail or other electronic means shall be effective as delivery of a manually executed counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Joinder Agreement as of the date first written above.

[Herley Entities]

By: _____

Name:
Title:

Exhibit 10.1

EXECUTION VERSION

$285,000,000

ACQUISITION CO. LANZA PARENT
10% Senior Secured Notes due 2017
(Stage I)
KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
10% Senior Secured Notes due 2017
(Stage II)

PURCHASE AGREEMENT

March 22, 2011

JEFFERIES & COMPANY, INC.
As Representative of the
Initial Purchasers listed in
Schedule I hereto
c/o Jefferies & Company, Inc.
520 Madison Avenue
New York, New York 10022

Ladies and Gentlemen:

KRATOS DEFENSE & SECURITY SOLUTIONS, INC., a Delaware corporation ("Kratos" or the "Stage II Issuer"), Acquisition Co. Lanza Parent, a Delaware corporation and wholly owned subsidiary of Kratos ("Intermediate Holdings" or the "Stage I Issuer" and, together with the Stage II Issuer, the "Issuers") and Lanza Acquisition Co., a Delaware corporation and a wholly owned subsidiary of Intermediate Holdings ("Acquisition Co.") hereby agree with you as follows:

1. Issuance of Notes. Subject to the terms and conditions herein contained, the Stage I Issuer proposes to issue and sell to Jefferies & Company, Inc. ("Jefferies"), KeyBanc Capital Markets Inc. ("Key") and Oppenheimer & Co. Inc. ("Oppenheimer" and, together with Jefferies and Key, the "Initial Purchasers") $285,000,000 in aggregate principal amount of 10% Senior Secured Notes due 2017 (each, a "Stage I Note" and, collectively, the "Stage I Notes") in each case, in an aggregate principal amount of Stage I Notes set forth opposite the name of such Initial Purchaser on Schedule I hereto. The Stage I Notes will be issued pursuant to an indenture (the "Stage I Indenture"), to be dated as of March 25, 2011, by and among the Stage I Issuer, Acquisition Co. and Wilmington Trust FSB ("Wilmington"), as trustee (in such capacity, the "Stage I Trustee") and collateral agent (in such capacity, the "Stage I Collateral Agent"). The proceeds of the Stage I Notes will be used to finance the acquisition by Acquisition Co. of all of the outstanding shares of common stock of Herley Industries, Inc. and its subsidiaries (each, a "Herley Entity" and collectively, "Herley") pursuant to the Agreement and Plan of Merger, dated as of February 7, 2011 (the "Merger Agreement"), among Kratos, Acquisition Co. and Herley Industries, Inc. (the "Acquisition"), as well as to pay related fees and expenses, as described

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under the captions "Use of Proceeds" and "The Transactions" in the Final Offering Memorandum. The Stage I Notes will be guaranteed (the "Stage I Guarantees" and, together with the Stage I Notes, the "Stage I Securities") by all of the Stage I Issuer's existing and future direct and indirect Domestic Subsidiaries (other than Herley and its Domestic Subsidiaries until the fifteenth business day following the consummation of the Acquisition). For purposes of this Agreement, Acquisition Co. and each of the Herley Entities (upon their becoming parties hereto pursuant to Section 7(g)) are collectively referred to as the "Stage I Guarantors." Capitalized terms used, but not defined herein, shall have the meanings set forth in the "Description of the Stage I Notes" section of the Final Offering Memorandum (as hereinafter defined).

On February 7, 2011, Kratos entered into an amendment to its credit agreement, dated as of May 29, 2010, among Kratos, the guarantors party thereto and the various lenders party thereto (as amended and supplemented from time to time, the "Credit Agreement") to permit, among other things, the exchange of all of the outstanding Stage I Notes for its 10% Senior Secured Notes due 2017 (the "Stage II Notes" and, together with the Stage I Notes, the "Notes") in an aggregate principal amount equal to the aggregate principal amount of such Stage I Notes to be issued under that certain indenture (the "Existing Kratos Indenture" and, together with the Stage I Indenture, the "Indentures"), dated as of May 19, 2010, among Kratos, the guarantors party thereto (the "Stage II Guarantors" and, together with the Stage I Guarantors, the "Guarantors") and Wilmington, as trustee (in such capacity, the "Stage II Trustee" and, together with the Stage I Trustee, the "Trustee") and collateral agent (in such capacity, the "Stage II Collateral Agent" and, together with the Stage I Collateral Agent, the "Collateral Agent") and the consummation of the Acquisition.

On February 11, 2011, Kratos raised approximately $61.1 million in net proceeds from a public equity offering of its shares of common stock (the "Equity Offering").

If more than a majority but less than 90% of all of the outstanding common shares of Herley have been validly tendered (on a fully-diluted basis) and not withdrawn pursuant to the tender offer for such shares launched by Acquisition Co. on February 25, 2011 (the "Tender Offer") and purchased promptly after the closing of the Offering (the "Escrow Condition"), the Stage I Issuer will be required to place the net proceeds of the Offering, together with a $45.0 million capital contribution from Kratos to the Stage I Issuer made on the date of the consummation of the Offering, that remain following the application of such proceeds and contribution to purchase the shares of Herley tendered in the Tender Offer and pay fees and expenses in connection with the Offering and the Acquisition (the "Required Escrow Deposit") into an escrow account that is a trust account, maintained by the Escrow Agent as a securities account (the "Escrow Account") to secure the Stage I Notes pursuant to the escrow and security agreement, to be dated as of March 25, 2011 (the "Escrow Agreement"), among the Stage I Issuer, the Stage I Trustee and Wilmington, as escrow agent (the "Escrow Agent").

Promptly following the consummation of the Acquisition, (i) the Stage I Issuer will merge with and into Kratos at which time Kratos will pursuant to a supplemental indenture to the Stage I Indenture assume the obligations of Intermediate Holdings under the Stage I Notes and the Stage I Indenture

Documents and become the Stage I Issuer under the Stage I Indenture and (ii) Kratos, as the Stage I Issuer, will redeem all of the Stage I Notes by issuing in exchange therefor the Stage II Notes to be issued under the Existing Kratos Indenture in an aggregate

principal amount equal to the aggregate principal amount of such Stage I Notes (the "Stage II Notes Exchange Redemption"). The Stage II Notes will form part of the same issue as, and be treated as a single class with, Kratos' previously issued $225,000,000 10% Senior Secured Notes due 2017 (the "Existing Kratos Notes" and, together with the Stage II Notes, the "Kratos Notes") issued under the Existing Kratos Indenture. The Stage II Notes will be guaranteed by all of Kratos' existing and future direct and indirect Domestic Subsidiaries (other than Discontinued Subsidiaries (as defined under the caption "Description of the Stage II Notes" in the Final Offering Memorandum) but including, for the avoidance of doubt, Herley (other than Foreign Subsidiaries (as defined under the caption "Description of the Stage II Notes" in the Final Offering Memorandum)) (the "Stage II Guarantees" and, together with the Stage II Notes, the "Stage II Securities" and, together with the Stage I Securities, the "Securities").

The Stage I Notes will be offered and sold to the Initial Purchasers pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended, and the rules and regulations of the Securities and Exchange Commission (the "SEC") thereunder (collectively, the "Securities Act"). Upon original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Securities Act, the Stage I Notes shall bear the legends set forth in the final offering memorandum, dated the date hereof (the "Final Offering Memorandum"). Further, upon original issuance of the Stage II Notes in connection with the Stage II Notes Exchange Redemption, and until such time as the same is no longer required under the applicable requirements of the Securities Act, the Stage II Notes shall bear the legends set forth in the Final Offering Memorandum. The Issuers have prepared a preliminary offering memorandum, dated March 21, 2011 (the "Preliminary Offering Memorandum"), (ii) a pricing term sheet, dated the date hereof, attached hereto as Schedule II, which includes pricing terms and other information with respect to the Stage I Notes (the "Pricing Supplement"), and (iii) the Final Offering Memorandum, in each case, relating to the offer and sale of the Stage I Notes (the "Offering"). All references in this Agreement to the Preliminary Offering Memorandum, the Time of Sale Document or the Final Offering Memorandum include, unless expressly stated otherwise, (i) all amendments or supplements thereto, (ii) all documents, financial statements and schedules and other information contained, incorporated by reference or deemed incorporated by reference therein (and references in this Agreement to such information being "contained," "included" or "stated" (and other references of like import) in the Preliminary Offering Memorandum, the Time of Sale Document or the Final Offering Memorandum shall be deemed to mean all such information contained, incorporated by reference or deemed incorporated by reference therein), (iii) any electronic Time of Sale Document or Final Offering Memorandum and (iv) any offering memorandum "wrapper" to be used in connection with offers to sell, solicitations of offers to buy or sales of the Stage I Notes in non-U.S. jurisdictions. The Preliminary Offering Memorandum and the Pricing Supplement are collectively referred to herein as the "Time of Sale Document."

2. Terms of Offering. The Initial Purchasers have advised the Issuers, and the Issuers understand, that the Initial Purchasers will make offers to sell (the "Exempt Resales") some or all of the Stage I Notes purchased by the Initial Purchasers hereunder on the terms set forth in the Final Offering Memorandum to persons (the "Subsequent Purchasers") whom the Initial Purchasers reasonably believe (i) are "qualified institutional buyers" ("QIBs") (as defined in Rule 144A under the Securities Act), or (ii) are not "U.S. persons" (as defined in Regulation S

under the Securities Act) and in compliance with the laws applicable to such persons in jurisdictions outside of the United States.

Pursuant to the terms of the Stage I Collateral Agreements as defined under the caption "Description of the Stage I Notes" in the Final Offering Memorandum (the "Stage I Collateral Agreements"), until the consummation of the Acquisition and until Herley is required by the Stage I Indenture to pledge its assets (as described in the "Description of the Stage I Notes" section of the Final Offering Memorandum), all of the obligations under the Stage I Securities and the Stage I Indenture will be secured by a pledge of the shares of Acquisition Co., the remaining cash proceeds deposited in the Escrow Account, if any, received in the Offering and Acquisition Co.'s rights under the Merger Agreement. Upon consummation of the Stage II Notes Exchange Redemption, all of the obligations under the Stage II Securities and the Existing Kratos Indenture will be secured by a lien and security interest in substantially all of the assets of Kratos and the Stage II Guarantors pursuant to the terms of the Stage II Collateral Agreements as defined under the caption "Description of the Stage II Notes" in the Final Offering Memorandum (the "Stage II Collateral Agreements" and, together with the Stage I Collateral Agreements, the "Collateral Agreements").

Holders of the Notes (including Subsequent Purchasers) will have the registration rights set forth in the registration rights agreement applicable to the Stage I Notes and, if the Stage II Notes Exchange Redemption has been consummated, the Stage II Notes (the "Registration Rights Agreement"), which will be in a form to be agreed upon but to be substantially consistent with the registration rights agreement entered into in connection with the issuance of the Existing Kratos Notes with such conforming changes as are necessary to reflect the Registration Rights Agreement's applicability to the Stage I Notes and the Stage II Notes, to be executed on and dated as of the Closing Date (as hereinafter defined). Pursuant to the Registration Rights Agreement, the Issuers, Acquisition Co., the Stage II Guarantors (and following the execution and delivery of the joinder agreement thereto, Herley), will agree, among other things, to file with the SEC (a) a registration statement under the Securities Act (the "Exchange Offer Registration Statement") relating to notes to be offered in exchange for the Stage I Notes or, if the Stage II Notes Exchange Redemption has been consummated, the Stage II Notes, as applicable (the "Exchange Notes"), and guarantees to be offered in exchange for the Stage I Guarantees or, if the Stage II Notes Exchange Redemption has been consummated, the Stage II Guarantees, as applicable (the "Exchange Guarantees"), which shall be identical to the Stage I Securities or the Stage II Securities, as the case may be, except that the Exchange Notes and Exchange Guarantees shall have been registered pursuant to the Exchange Offer Registration Statement and will not be subject to restrictions on transfer or contain additional interest provisions, (such offer to exchange being referred to as the "Exchange Offer"), and/or (b) under certain circumstances, a shelf registration statement pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement") relating to the resale by certain holders of the Stage I Notes or, if the Stage II Notes Exchange Redemption has been consummated, the Stage II Notes, as applicable. If required under the Registration Rights Agreement, the Stage I Issuer or, if the Stage II Notes Exchange Redemption has been consummated, the Stage II Issuer, will issue Exchange Notes to the Initial Purchasers (the "Private Exchange Notes"). If the Stage I Issuer or the Stage II Issuer, as applicable, fails to satisfy its obligations under the Registration Rights Agreement, the Stage I Issuer or the Stage II Issuer, as applicable, will be required to pay additional interest to the holders of the Stage I Notes or, if the Stage II Notes Exchange

Redemption has been consummated, the Stage II Notes, under certain circumstances to be set forth in the Registration Rights Agreement.

This Agreement, the Indentures, the Collateral Agreements, the Registration Rights Agreement, the Notes, the Guarantees, the Escrow Agreement, the Engagement Letter dated February 7, 2011 (the "Engagement Letter") between Kratos, Jefferies, Key and Oppenheimer, the Exchange Notes, the Exchange Guarantees and the Private Exchange Notes are collectively referred to herein as the "Documents", and the transactions contemplated hereby and thereby are collectively referred to herein as the "Transactions." Nothing in this Agreement should be read to limit or otherwise modify the terms and provisions of the Engagement Letter, provided that, in the event any terms of the Engagement Letter are inconsistent with or contradict any terms of this Agreement, this Agreement shall govern.

3. Purchase, Sale and Delivery. On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Stage I Issuer agrees to issue and sell to the Initial Purchasers, and the Initial Purchasers agree to purchase from the Stage I Issuer, the Stage I Securities at a purchase price of 104.0575% of the aggregate principal amount thereof. Delivery to the Initial Purchasers of and payment for the Stage I Securities shall be made at a closing (the "Closing") to be held at 10:00 a.m., New York time, on March 25, 2011 (the "Closing Date") at the New York offices of White & Case LLP (or such other place as shall be reasonably acceptable to the Initial Purchasers); provided, however, that if the Closing has not taken place on the Closing Date because of a failure to satisfy one or more of the conditions specified in Section 7 hereof and this Agreement has not otherwise been terminated by the Initial Purchasers in accordance with its terms, "Closing Date" shall mean 10:00 a.m. New York time on the first business day following the satisfaction (or waiver) of all such conditions after notification by Kratos to the Initial Purchasers of the satisfaction (or waiver) of such conditions.

The Stage I Issuer shall deliver to the Initial Purchasers one or more certificates representing the Stage I Securities in definitive form, registered in such names and denominations as the Initial Purchasers may request, against payment by the Initial Purchasers of the purchase price therefor by immediately available federal funds bank wire transfer to such bank account or accounts as the Stage I Issuer shall designate to the Initial Purchasers at least two business days prior to the Closing. The certificates representing the Stage I Securities in definitive form shall be made available to the Initial Purchasers for inspection at the New York offices of White & Case LLP (or such other place as shall be reasonably acceptable to the Initial Purchasers) not later than 10:00 a.m. New York time, one business day immediately preceding the Closing Date. Stage I Securities to be represented by one or more definitive global securities in book-entry form will be deposited on the Closing Date, by or on behalf of the Stage I Issuer, with The Depository Trust Company ("DTC") or its designated custodian, and registered in the name of Cede & Co. It is understood that each Initial Purchaser has authorized Jefferies, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Stage I Notes which it has agreed to purchase. Jefferies, individually and not as representatives of the Initial Purchasers, may (but shall not be obligated to) make payment of the purchase price for the Stage I Notes to be purchased by any Initial Purchaser whose funds have not been received by the Closing Date, but such payment shall not relieve such Initial Purchaser from its obligations hereunder.

4. Representations and Warranties of the Issuers and the Guarantors. Each of the Issuers and the Guarantors, jointly and severally, represents and warrants to, and agrees with, each of the Initial Purchasers that, as of the date hereof and as of the Closing Date:

(a) *Offering Materials Furnished to Initial Purchasers*. The Issuers have delivered to the Initial Purchasers the Time of Sale Document, the Final Offering Memorandum and each Company Additional Written Communication (as hereinafter defined) in such quantities and at such places as the Initial Purchasers have reasonably requested.

(b) *Limitation on Offering Materials.* Neither of the Issuers has prepared, made, used, authorized, approved or distributed and will not, and will not cause or allow its agents or representatives to, prepare, make, use, authorize, approve or distribute any written communication that constitutes an offer to sell or a solicitation of an offer to buy the Securities, or otherwise is prepared to market the Securities, other than (i) the Time of Sale Document, (ii) the Final Offering Memorandum and (iii) any marketing materials (including any roadshow or investor presentation materials) or other written communications, in each case used in accordance with Section 5(c) hereof (each such communication by the Issuers or their respective agents or representatives described in this clause (iii), a "Company Additional Written Communication").

(c) *No Material Misstatement or Omission*. (i) The Time of Sale Document, as of the Applicable Time, did not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) the Final Offering Memorandum, as of the date thereof, did not, and at the Closing Date, will not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (iii) each such Company Additional Written Communication, when taken together with the Time of Sale Document, at the time such Company Additional Written Communication was made did not, and, at the Closing Date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except in each case that the representations and warranties set forth in this paragraph do not apply to statements or omissions made in reliance upon and in conformity with information relating to the Initial Purchasers and furnished to the Issuers in writing by the Initial Purchasers expressly for use in the Time of Sale Document or the Final Offering Memorandum as set forth in Section 13. No injunction or order has been issued that either (i) asserts that any of the Transactions is subject to the registration requirements of the Securities Act or (ii) would prevent or suspend the issuance or sale of any of the Securities or the use of the Time of Sale Document or the Final Offering Memorandum in any jurisdiction. No statement of material fact included in the Final Offering Memorandum has been omitted from the Time of Sale Document, and no statement of material fact included in the Time of Sale Document has been omitted from the Final Offering Memorandum. "Applicable Time" means 2:25 p.m., New York City time, on the date hereof or such other time as may be agreed upon in writing by Kratos and Jefferies.

(d) *Documents Incorporated by Reference.* The documents incorporated or deemed to be incorporated by reference in the Time of Sale Document and the Final Offering Memorandum, at the time they were or hereafter are filed with the SEC, complied and will comply, in all material respects with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder (collectively, the

"Exchange Act"). There are no contracts or other documents required to be described in such incorporated documents or to be filed as exhibits to such incorporated documents which have not been described or filed as required.

(e) *Reporting Compliance.* Kratos is subject to, and is in compliance in all material respects with, the reporting requirements of Section 13 and Section 15(d), as applicable, of the Exchange Act.

(f) *Preparation of the Financial Statements*. The audited consolidated financial statements and related notes of each of Herley, Kratos, Gichner Holdings, Inc. and its subsidiaries ("Gichner") and Henry Bros. Electronics Inc. and its subsidiaries ("Henry Bros.") contained in the Time of Sale Document and the Final Offering Memorandum (the "Financial Statements") present fairly in all material respects the financial position, results of operations and cash flows of each of Herley, Kratos, Gichner and Henry Bros. and their respective consolidated Subsidiaries as of the respective dates and for the respective periods to which they apply and have been prepared in accordance with generally accepted accounting principles of the United States ("GAAP"), applied on a consistent basis throughout the periods involved and the applicable requirements of Regulation S-X. The financial data set forth under the captions "Summary Historical and Pro Forma Combined Financial Data," "Unaudited Pro Forma Combined Financial Information of Kratos" and "Selected Consolidated Financial Data of Kratos" in the Time of Sale Document and the Final Offering Memorandum with respect to Kratos and its consolidated Subsidiaries has been prepared on a basis consistent with that of the Financial Statements and present fairly in all material respects the financial position and results of operations of Kratos and its consolidated Subsidiaries as of the respective dates and for the respective periods indicated. The financial data set forth under the captions "Summary Historical and Pro Forma Combined Financial Data," "Summary Consolidated Historical Financial Data of Herley," "Unaudited Pro Forma Combined Financial Information of Kratos" and "Selected Consolidated Financial Data of Herley" in the Time of Sale Document and the Final Offering Memorandum with respect to Herley has been prepared on a basis consistent with that of the Financial Statements and present fairly in all material respects the financial position and results of operations of Herley as of the respective dates and for the respective periods indicated. The financial data set forth under the captions "Summary Historical and Pro Forma Combined Financial Data" and "Unaudited Pro Forma Combined Financial Information of Kratos" in the Time of Sale Document and the Final Offering Memorandum with respect to Gichner has been prepared on a basis consistent with that of the Financial Statements and present fairly in all material respects the financial position and results of operations of Gichner as of the respective dates and for the respective periods indicated. The financial data set forth under the captions "Summary Historical and Pro Forma Combined Financial Data" and "Unaudited Pro Forma Combined Financial Information of Kratos" in the Time of Sale Document and the Final Offering Memorandum with respect to

Henry Bros. has been prepared on a basis consistent with that of the Financial Statements and present fairly in all material respects the financial position and results of operations of Henry Bros. as of the respective dates and for the respective periods indicated. The unaudited pro forma financial information and related notes of Kratos and its Subsidiaries contained in the Time of Sale Document and the Final Offering Memorandum have been prepared in accordance with the applicable requirements of Regulation S-X and have been properly presented on the bases described therein, and give effect to assumptions used in the preparation thereof are reasonable basis and in good faith and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All other financial, statistical and market and industry data and forward-looking statements (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Time of Sale Document and the Final Offering Memorandum are fairly and accurately presented, are based on or derived from sources that Kratos believes to be reliable and accurate and are presented on a reasonable basis. No other financial statements or supporting schedules are required to be included in the Time of Sale Document or the Final Offering Memorandum.

(g) *Disclosure Controls and Procedures.* Kratos and its Subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that is designed to ensure that information required to be disclosed by Kratos in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to Kratos' management as appropriate to allow timely decisions regarding required disclosure. Kratos and its Subsidiaries have carried out evaluations of the effectiveness of their disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act. The statements relating to disclosure controls and procedures made by the principal executive officers (or their equivalents) and principal financial officers (or their equivalents) of Kratos in the certifications required by the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith are complete and correct.

(h) *Independent Accountants of Kratos*. Grant Thornton LLP, who have certified and expressed their opinion with respect to the consolidated financial statements of Kratos and its Subsidiaries including the related notes thereto and supporting schedules contained in the Time of Sale Document and the Final Offering Memorandum, is (i) an independent registered public accounting firm with respect to Kratos and its Subsidiaries within the applicable rules and regulations adopted by the SEC and as required by the Securities Act, (ii) to the knowledge of Kratos, after due inquiry, in compliance with the applicable requirements relating to the qualification of accountants Regulation S-X and (iii) to the knowledge of Kratos, after due inquiry, a registered public accounting firm as defined by the Public Company Accounting Oversight Board (United States) whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(i) *Independent Accountants of Herley.* (i) Grant Thornton LLP, who have certified and expressed their opinion with respect to the consolidated balance sheet of Herley as of

August 1, 2010 and the related consolidated statements of operations, shareholders' equity and cash flows for the fifty-two week period then ended, and (ii) Marcum LLP, who have certified and expressed their opinion with respect to the balance sheet of Herley as of August 2, 2009 and the related consolidated statements of operations, shareholders' equity and cash flows for the fifty-two weeks ended August 2, 2009 and the fifty-three weeks ended August 3, 2008, each as contained in the Time of Sale Document and the Final Offering Memorandum, are each, to the knowledge of Kratos, after due inquiry, (x) an independent registered public accounting firm with respect to Herley within the applicable rules and regulations adopted by the SEC and as required by the Securities Act, (y) in compliance with the applicable requirements relating to the qualification of accountants Regulation S-X and (z) a registered public accounting firm as defined by the Public Company Accounting Oversight Board (United States) whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(j) *Independent Accountants of General Microwave Israel Corp. and Subsidiary*. Brightman Almagor Zohar & Co, a member firm of Deloitte Touche Tohmatsu, whose opinion with respect to the consolidated financial statements of General Microwave Israel Corp. and subsidiary ("General Microwave") is referenced in the audit opinions of Grant Thornton LLP and Marcum LLP in connection with their respective audits of the consolidated financial statements of Herley contained in the Time of Sale Document and the Final Offering Memorandum, is, to the knowledge of Kratos, after due inquiry, (i) an independent registered public accounting firm with respect to General Microwave within the applicable rules and regulations adopted by the SEC and as required by the Securities Act, (ii) in compliance with the applicable requirements relating to the qualification of accountants Regulation S-X and (iii) a registered public accounting firm as defined by the Public Company Accounting Oversight Board (United States) whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(k) *Independent Accountants of Henry Bros.* EisnerAmper LLP, who have certified and expressed their opinion with respect to the consolidated financial statements of Henry Bros. and subsidiaries including the related notes thereto and supporting schedules contained in the Time of Sale Document and the Final Offering Memorandum, is (i) an independent registered public accounting firm with respect to Henry Bros. within the applicable rules and regulations adopted by the SEC and as required by the Securities Act, (ii) to the knowledge of Kratos, after due inquiry, in compliance with the applicable requirements relating to the qualification of accountants Regulation S-X and (iii) to the knowledge of Kratos, after due inquiry, a registered public accounting firm as defined by the Public Company Accounting Oversight Board (United States) whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(l) *Independent Accountants of Gichner.* Plante & Moran, PLLC, who have certified and expressed their opinion with respect to the consolidated financial statements of Gichner and subsidiaries as of December 31, 2009, 2008 and 2007 and the related consolidated financial statements for the years ended December 31, 2009 and 2008 and the period from August 22, 2007 through December 31, 2007, and the combined balance sheet of Gichner as of August 22, 2007 and the related combined financial statements for the

period from January 1, 2007 through August 22, 2007, including the related notes thereto and supporting schedules contained in the Time of Sale Document and the Final Offering Memorandum, are (i) an independent registered public accounting firm with respect to Gichner within the applicable rules and regulations adopted by the SEC and as required by the Securities Act, (ii) to the knowledge of Kratos, after due inquiry, in compliance with the applicable requirements relating to the qualification of accountants Regulation S-X and (iii) to the knowledge of Kratos, after due inquiry, a registered public accounting firm as defined by the Public Company Accounting Oversight Board (United States) whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(m) *No Material Adverse Change*. Subsequent to the respective dates as of which information is contained in the Time of Sale Document and the Final Offering Memorandum, except as disclosed in the Time of Sale Document and the Final Offering Memorandum, (i) none of Kratos, any of its Subsidiaries, or any Herley Entity has incurred any liabilities, direct or contingent, including without limitation any losses or interference with its business from fire, explosion, flood, earthquakes, accident or other calamity, whether or not covered by insurance, or from any strike, labor dispute or court or governmental action, order or decree, that are material, individually or in the aggregate, to Kratos and its Subsidiaries, taken as a whole, or to Herley, Kratos and its Subsidiaries, taken as a whole, or has entered into any transactions not in the ordinary course of business, (ii) there has not been any material decrease in the capital stock or any material increase in any short-term or long-term indebtedness of Kratos, its Subsidiaries or Herley, or any payment of or declaration to pay any dividends or any other distribution with respect to Kratos or Herley, and (iii) there has not been any material adverse change in the properties, business, prospects, operations, earnings, assets, liabilities or condition (financial or otherwise) of Kratos, its Subsidiaries and Herley, taken as a whole (each of clauses (i), (ii) and (iii), a "Material Adverse Change"). To Kratos' knowledge, after due inquiry, there is no event that is reasonably likely to occur, which if it were to occur, would, individually or in the aggregate, have a Material Adverse Effect except as disclosed in the Time of Sale Document and the Final Offering Memorandum.

(n) *Rating Agencies.* No "nationally recognized statistical rating organization" (as defined in Rule 436(g)(2) under the Securities Act) (i) has imposed (or has informed Kratos that it is considering imposing) any condition (financial or otherwise) to retain any rating assigned to Kratos, any of its Subsidiaries or any Herley Entity or to any securities of Kratos, any of its Subsidiaries or any Herley Entity or (ii) has indicated to Kratos or Herley that it is considering (A) the downgrading, suspension, or withdrawal of, or any review (or of any potential or intended review) for a possible change in, any rating so assigned (including, without limitation, the placing of any of the foregoing ratings on credit watch with negative or developing implications or under review with an uncertain direction) or (B) any change in the outlook for any rating of Kratos, any of its Subsidiaries or any Herley Entity or any securities of Kratos, any of its Subsidiaries or any Herley Entity.

(o) *Subsidiaries*. Each corporation, partnership or other entity in which Kratos, directly or indirectly through any of its subsidiaries, owns more than fifty percent (50%) of any class

of equity securities or interests is listed on Schedule III attached hereto (the "Subsidiaries"). Each Herley Entity is listed under the heading "Herley Entities" on Schedule III attached hereto. Each Subsidiary that is a Foreign Restricted Subsidiary has an asterisk ("*") next to its name on such schedule.

(p) *Incorporation and Good Standing of Kratos, its Subsidiaries and Herley; MAE.* Each of Kratos, its Subsidiaries and each Herley Entity (i) has been duly organized or formed, as the case may be, is validly existing and, where applicable, is in good standing under the laws of its jurisdiction of organization, (ii) has all requisite power and authority to carry on its business and to own, lease and operate its properties and assets as described in the Time of Sale Document and in the Final Offering Memorandum and (iii) is duly qualified or licensed to do business and is in good standing as a foreign corporation, partnership or other entity as the case may be, authorized to do business in each jurisdiction in which the nature of such businesses or the ownership or leasing of such properties requires such qualification, except where the failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on (A) the properties, business, prospects, operations, earnings, assets, liabilities or condition (financial or otherwise) of Kratos and its Subsidiaries (including, upon consummation of the Acquisition, Herley), taken as a whole, (B) the ability of Kratos, any Subsidiary or any Herley Entity to perform its obligations in all material respects under any Document, (C) the enforceability of any Collateral Agreement or the attachment, perfection or priority of any of the liens or security interests intended to be created

thereby, (D) the validity or enforceability of any of the Documents, or (E) the consummation of any of the Transactions (each, a "Material Adverse Effect").

(q) *Capitalization and Other Capital Stock Matters*. All of the issued and outstanding shares of capital stock, membership interests, partnership interests or other similar equity interests, as applicable, of each of Kratos, its Subsidiaries and each Herley Entity have been duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of, and are not subject to, any preemptive or similar rights. The table under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Time of Sale Document and the Final Offering Memorandum (including the footnotes thereto) sets forth, as of the date of such table, information concerning the beneficial ownership of Kratos' common stock by (i) each stockholder known by Kratos to be the beneficial owner of 5% or more of the outstanding shares of Kratos' common stock, (ii) each of Kratos' directors, (iii) each of Kratos' executive officers, and (iv) all of Kratos' executive officers and directors as a group. All of the outstanding shares of capital stock, membership interests, partnership interests or other equity interests of each of its Subsidiaries are, and upon consummation of the Acquisition, each Herley Entity will be, owned, directly or indirectly, by Kratos, free and clear of all liens, security interests, mortgages, pledges, charges, equities, claims or restrictions on transferability or encumbrances of any kind (collectively, "Liens), other than those Permitted Liens and those imposed by the Securities Act and the securities or "Blue Sky" laws of certain U.S. state or non-U.S. jurisdictions. Except as disclosed in the Time of Sale Document and the Final Offering Memorandum, there are no outstanding (A) options, warrants or other rights to purchase from Kratos or any of its Subsidiaries, (B) agreements, contracts, arrangements or other obligations of Kratos or any of its Subsidiaries to issue or (C) other

rights to convert any obligation into or exchange any securities for, in the case of each of clauses (A) through (C), shares of capital stock of or other ownership or equity interests in Kratos or any of its Subsidiaries.

(r) *Legal Power and Authority.* Each of the Issuers, Acquisition Co. and the Stage II Guarantors has, and upon consummation of the Acquisition, Herley will have, all necessary power and authority to execute, deliver and perform their respective obligations under the Documents to which they are or will become a party and to consummate the Transactions.

(s) *This Agreement, the Indentures and the Collateral Agreements*. This Agreement has been duly and validly authorized, executed and delivered by the Issuers, Acquisition Co., the Stage II Guarantors, and, upon consummation of the Acquisition, will have been duly and validly authorized by each of the Herley Entities that will become a party hereto (it being acknowledged and agreed that no Foreign Subsidiaries shall be required to become a party hereto). Each of the Indentures and the Collateral Agreements, if applicable, has been duly and validly authorized by the Issuers, Acquisition Co., the Stage II Guarantors, and, upon consummation of the Acquisition, will have been duly and validly authorized by each of the Herley Entities (other than its Foreign Subsidiaries), and, (A) in the case of the Stage I Indenture, when executed and delivered by the Stage I Issuer, Acquisition Co. and the Stage I Trustee, will constitute a legal, valid and binding obligation of the Stage I Issuer and Acquisition Co. (and, if and to the extent executed by the Herley Entities, will constitute a legal, valid and binding obligation of the Herley Entities party thereto), enforceable against the Stage I Issuer and Acquisition Co. (and, if and to the extent executed by the Herley Entities, enforceable against the Herley Entities party thereto) and (B) in the case of the Stage II Indenture, has been duly executed and delivered by Kratos and the Stage II Guarantors and constitutes a legal, valid and binding obligation of Kratos and the Stage II Guarantors (and, when a supplemental indenture thereto is executed by the Herley Entities required to become a party thereto and the Stage II Trustee, will constitute a legal, valid and binding obligation of such Herley Entities), enforceable against Kratos and the Stage II Guarantors (and, when executed by the Herley Entities required to become a party thereto, enforceable against such Herley Entities) in accordance with its terms, except that, in each case, the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. When executed and delivered, this Agreement, the Stage I Indenture and the Stage I Collateral Agreements will conform, and the Existing Kratos Indenture and Stage II Collateral Agreements do conform, in all material respects to the descriptions thereof in the Time of Sale Document and the Final Offering Memorandum. When executed and delivered by the Stage I Issuer and Acquisition Co., the Stage I Indenture will meet the requirements for qualification under the Trust Indenture Act of 1939, as amended, and the rules and regulations of the SEC thereunder (collectively, the "TIA"). The Existing Kratos Indenture meets the requirements for qualification under the Trust Indenture Act of 1939, as amended, and the rules and regulations of the SEC thereunder.

(t) *Registration Rights Agreement*. (i) The Registration Rights Agreement has been duly authorized by the Issuers, Acquisition Co. and the Stage II Guarantors and (ii) upon consummation of the Acquisition, the joinder agreement to the Registration Rights Agreement will have been duly authorized by each of the Herley Entities required to become a party thereto that will issue a Guarantee. When duly executed and delivered by the Issuers, Acquisition Co. and the Stage II Guarantors (or in the case of Herley, when the joinder agreement to the Registration Rights Agreement is duly executed and delivered) (it being acknowledged and agreed that no Foreign Subsidiaries shall be required to become a party thereto), the Registration Rights Agreement will constitute a valid and binding agreement of each of such parties thereto, enforceable against each of them in accordance with its terms, except that the enforcement thereof may be subject to (A) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally, (B) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought and (C) rights to indemnity or contribution thereunder, federal and state securities laws and public policy considerations. When executed and delivered, the Registration Rights Agreement will conform in all material respects to the description thereof in the Time of Sale Document and the Final Offering Memorandum.

(u) *Escrow Agreement*. The Escrow Agreement has been duly authorized by the Stage I Issuer and, when executed and delivered by the Stage I Issuer, the Stage I Trustee and the Escrow Agent, will constitute a valid and binding agreement of the Stage I Issuer, enforceable against the Stage I Issuer in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. When executed and delivered, the Escrow Agreement will conform in all material respects to the description thereof in the Time of Sale Document and the Final Offering Memorandum.

(v) *Notes and Exchange Notes.* The Notes, Exchange Notes and Private Exchange Notes have each been duly and validly authorized by each of the Issuers, as applicable, and, in the case of the Stage I Notes, when issued and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement and the Stage I Indenture, and in the case of the Stage II Notes, when issued and delivered in accordance with the Stage II Indenture, will have been duly executed, authenticated, issued and delivered and will constitute legal, valid and binding obligations of the respective Issuer thereof, entitled to the benefit of the Stage I Indenture and the Stage I Collateral Agreements or the Stage II Indenture and the Stage II Collateral Agreements, as the case may be, and the Registration Rights Agreement, and enforceable against the respective Issuer thereof in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor

may be brought. When executed and delivered, the Notes will conform in all material respects to the descriptions thereof in the Time of Sale Document and the Final Offering Memorandum and will be in the form contemplated by the applicable Indenture.

(w) *Guarantees and Exchange Guarantees.* The Guarantees and Exchange Guarantees have been duly and validly authorized by Acquisition Co., the Stage II Guarantors and, upon consummation of the Acquisition, will have been duly and validly authorized by Herley (other than its Foreign Subsidiaries), as applicable, and, when issued and executed by the Guarantors, will have been duly executed, authenticated, issued and delivered and will constitute legal, valid and binding obligations of the Guarantors, entitled to the benefit of the applicable Indenture and the collateral agreements related thereto and the Registration Rights Agreement, and enforceable against the Guarantors, as applicable, in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. When executed and delivered, the Guarantees and Exchange Guarantees will conform in all material respects to the descriptions thereof in the Time of Sale Document and the Final Offering Memorandum.

(x) *Collateral.*

(i) Upon:

(1) in the case of such portion of the Collateral constituting investment property represented or evidenced by certificates or other instruments, delivery to the Stage I Collateral Agent of such certificates or instruments in accordance with the Stage I Collateral Agreements, and in the case of all other investment property, the filing of financing statements or other applicable filings in the appropriate filing office, registry or other public office, together with the payment of the requisite filing or recordation fees related thereto;

(2) in the case of such portion of the Collateral constituting securities accounts, delivery to the Stage I Collateral Agent of securities account control agreements and such other agreements or instruments, in each case satisfactory in form and substance to the Stage I Collateral Agent and duly executed by the applicable securities intermediary, as may be necessary or, in the opinion of the Stage I Collateral Agent, desirable to establish and maintain control of such securities accounts from time to time;

(3) in the case of such portion of the Collateral constituting deposit accounts, delivery to the Stage I Collateral Agent of deposit account control agreements and such other agreements or instruments, in each case satisfactory in form and substance to the Stage I Collateral Agent and duly executed by the applicable depositary bank, as may be necessary or, in the

opinion of the Stage I Collateral Agent, desirable to establish and maintain control of such deposit accounts from time to time;

(4) in the case of such portion of the Collateral constituting registered patents, trademarks and copyrights, the filing by the Stage I Collateral Agent of (A) initial financing statements with the appropriate filing offices, (B) any filings required with the United States Patent and Trademark Office, (C) any filings required with the United States Copyright Office and (D) the other Stage I Collateral Agreements with the appropriate filing office, registry or other public office, together with the payment of the requisite filing or recordation fees related thereto,

(5) in the case of any other Collateral a Lien in which may be perfected by filing of an initial financing statement or other applicable document in the appropriate filing office, registry or other public office, the filing of financing statements or other applicable document in such filing office, registry or other public office, together with the payment of the requisite filing or recordation fees related thereto, and in the case of any other Collateral a Lien in which is perfected by possession or control, when the Stage I Collateral Agent obtains possession or control thereof; and

the Liens granted pursuant to the Stage I Collateral Agreements will constitute valid and enforceable perfected Liens, in each case prior and superior in right to any other Person therein (other than any Person holding a Permitted Lien).

(ii) The Liens previously granted by Kratos and the Stage II Guarantors under the Stage II Collateral Agreements will secure the Stage II Notes and all other Obligations related thereto upon issuance of such Stage II Notes in connection with the Stage II Notes Exchange Redemption, and it is not necessary to make any new filings or take any other action to perfect, or to maintain the perfection, of such Liens.

(iii) As of the Closing Date, there will be no currently effective financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry, or other public office, that purports to cover, affect or give notice of

any present or possible future Lien on any assets or property of the Issuers, any Guarantor or any Subsidiary or any rights thereunder, except for Permitted Liens.

(iv) All information certified by an officer of Kratos in the Perfection Certificate to be executed prior to the Closing Date and delivered by such officer on behalf of Kratos is true and correct both as of the date thereof and as of the Closing Date.

(v) The Mortgages will be effective to grant a legal and valid mortgage Lien on all of the mortgagor's right, title and interest in each of the "Mortgaged Properties" (as defined in the Collateral Agreements). When the Mortgages are duly recorded in the proper recorders' offices or appropriate public records and the mortgage

recording fees and taxes in respect thereof are paid and compliance is otherwise had with the formal requirements of state or local law applicable to the recording of real estate mortgages generally, each such Mortgage shall constitute a valid, perfected and enforceable security interest in the related Mortgage Property in each case prior and superior in right to any other Person therein, for the ratable benefit of the Secured Parties, subject only to Permitted Liens, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The title insurance policies and surveys related to the Mortgage shall have been delivered to the Stage I Collateral Agent pursuant to the "Description of the Stage I Notes — Certain Covenants — Real Estate Mortgages and Filings" in the Final Offering Memorandum.

(vi) The representations and warranties of each of the Issuers, Acquisition Co., the Stage II Guarantors and, upon the consummation of the Acquisition, Herley, in the Collateral Agreements are true and correct (if such representations and warranties are not already qualified with respect to materiality) in all material respects.

(y) *Compliance with Existing Instruments.* None of Kratos, any of its Subsidiaries or any Herley Entity is (i) in violation of its certificate of incorporation, by-laws or other organizational documents (the "Charter Documents"); (ii) in violation of any U.S. or non-U.S. federal, state or local statute, law (including, without limitation, common law) or ordinance, or any judgment, decree, rule, regulation, order or injunction (collectively, "Applicable Law") of any U.S. or non-U.S. federal, state, local or other governmental or regulatory authority, governmental or regulatory agency or body, court, arbitrator or self-regulatory organization (each, a "Governmental Authority"), applicable to any of them or any of their respective properties; or (iii) in breach of or default under any bond, debenture, note, loan or other evidence of indebtedness, indenture, mortgage, deed of trust, lease or any other agreement or instrument to which any of them is a party or by which any of them or their respective properties are bound (collectively, the "Applicable Agreements"), except, in the case of clauses (ii) and (iii) for such violations, breaches or defaults that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There exists no condition that, with the passage of time or otherwise, would constitute (a) a violation of such Charter Documents or Applicable Laws, (b) a breach of or default or a "Debt Repayment Triggering Event" (as defined below) under any Applicable Agreement or (c) result in the imposition of any penalty or the acceleration of any indebtedness. As used herein, a "Debt Repayment Triggering Event" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by Kratos, any of its Subsidiaries, any Herley Entity or any of their respective properties.

(z) *No Conflicts.* Neither the execution, delivery or performance of the Documents nor the consummation of any of the Transactions will conflict with, violate, constitute a breach of or a default (with the passage of time or otherwise) or a Debt Repayment Triggering Event under, or result in the imposition of a Lien on any assets of Kratos, any of its Subsidiaries and, upon consummation of the Acquisition, any Herley Entity (except for Permitted Liens or Liens pursuant to the Collateral Agreements), the imposition of any penalty or a Debt Repayment Triggering Event under or pursuant to (i) the Charter Documents, (ii) any Applicable Agreement, (iii) any Applicable Law or (iv) any order, writ, judgment, injunction, decree, determination or award binding upon or affecting Kratos, its Subsidiaries or, upon consummation of the Acquisition, any Herley Entity. After consummation of the Offering and the Transactions, no Default or Event of Default will exist.

(aa) *No Consents.* No consent, approval, authorization, order, filing or registration of or with any Governmental Authority or third party is required for execution, delivery or performance of the Documents or the consummation of the Transactions, except such (i) those that have been official or made, as the case may be, that are in full force and effect, (ii) as may be required under the securities or "Blue Sky" laws of U.S. state or non-U.S. jurisdictions or other non-U.S. laws applicable to the purchase of the Securities outside the U.S. in connection with the Transactions, (iii) those contemplated by the Registration Rights Agreement and the Collateral Agreements; and (iv) or the filing of a Current Report on Form 8-K with the SEC as may be required under the Securities Act and the Exchange Act, as the case may be, regarding the Documents and the Transactions.

(bb) *No Material Applicable Laws or Proceedings*. Except as disclosed in the Time of Sale Document and the Final Offering Memorandum, there is no action, claim, suit, demand, hearing, notice of violation or deficiency, or proceeding pending or, to the knowledge of Kratos or any of its Subsidiaries, after due inquiry, threatened or contemplated by Governmental Authorities or threatened by others (collectively, "Proceedings") that, would, as of the date hereof and at the Closing Date, restrain, enjoin, prevent or interfere with the consummation of the Offering or any of the Transactions or (B) would, individually or in the aggregate, have a Material Adverse Effect.

(cc) *All Necessary Permits*. Each of Kratos, its Subsidiaries and each Herley Entity possesses all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all Governmental Authorities, presently required or necessary to own or lease, as the case may be, and to operate its properties and to carry on its businesses as now or proposed to be conducted as described in the Time of Sale Document and the Final Offering Memorandum ("Permits"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; each of Kratos, its Subsidiaries and each Herley Entity has fulfilled and performed all of its obligations with respect to such Permits; no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination of any such Permit or has resulted, or after notice or lapse of time would result, in any other material impairment of the

rights of the holder of any such Permit; and none of Kratos, any of its Subsidiaries or any Herley Entity has received or has any reason to believe it will receive any notice of any proceeding relating to revocation or

modification of any such Permit, except as described in the Time of Sale Document and the Final Offering Memorandum or except where such revocation or modification would not, individually or in the aggregate, have a Material Adverse Effect.

(dd) *Title to Properties*. Each of Kratos, its Subsidiaries and Herley has good, marketable and valid title to all real property owned by it and good title to all personal property owned by it and good and valid title to all leasehold estates in real and personal property being leased by it and, as of the Closing Date, will be free and clear of all Liens other than Permitted Liens. All Applicable Agreements to which Kratos or any of its Subsidiaries is a party or by which any of them is bound are valid and enforceable against each of Kratos or such Subsidiary, as applicable, and are valid and enforceable against the other party or parties thereto and are in full force and effect with only such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect.

(ee) *Tax Law Compliance*. All Tax (as hereinafter defined) returns required to be filed by Kratos, each of its Subsidiaries and each Herley Entity have been filed and all such returns are true, complete and correct in all material respects. All material Taxes that are due from Kratos, its Subsidiaries and Herley have been paid other than those (i) currently payable without penalty or interest or (ii) being contested in good faith and by appropriate proceedings and for which adequate accruals have been established in accordance with GAAP. To the knowledge of Kratos, after due inquiry, there are no actual or proposed Tax assessments against Kratos, any of its Subsidiaries or any Herley Entity that would, individually or in the aggregate, have a Material Adverse Effect. The accruals on the books and records of Kratos, its Subsidiaries and Herley in respect of any material Tax liability for any period not finally determined are adequate to meet any assessments of Tax for any such period. For purposes of this Agreement, the term "Tax" and "Taxes" shall mean all U.S. and non-U.S. federal, state, local and taxes, and other assessments of a similar nature (whether imposed directly or through withholding), including any interest, additions to tax or penalties applicable thereto.

(ff) *Intellectual Property Rights*. Each of Kratos, its Subsidiaries and Herley owns, or is licensed under, and has the right to use, all patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, domain names and trade names (collectively, "Intellectual Property") necessary for the conduct of its businesses and, as of the Closing Date, the Intellectual Property will be free and clear of all Liens, other than Permitted Liens. None of Kratos, its Subsidiaries or any Herley Entity is a party to, or bound by, any options, licenses or agreements with respect to the intellectual property rights of any other person or entity that are necessary to be described in the Time of Sale Document or the Final Offering Memorandum to avoid a material misstatement or omission and are not described therein. No claims or notices of any potential claim have been asserted by any person challenging the use of any such Intellectual Property by Kratos, any of its Subsidiaries or any Herley Entity or questioning the validity or effectiveness of any Intellectual Property or any license or agreement related thereto, other than any claims that, if successful, would not, individually or in the aggregate, have a Material Adverse Effect. None of the intellectual property used by Kratos, any of its Subsidiaries or any Herley Entity has been obtained or

is hereby used by Kratos, any of its Subsidiaries or any Herley Entity in violation of any contractual obligation binding on Kratos, any of its Subsidiaries or any Herley Entity or, to Kratos' or any of its Subsidiaries' knowledge, their respective officers, directors or employees or otherwise in violation of the rights of any person.

(gg) *ERISA Matters*. Each of Kratos, its Subsidiaries, each Herley Entity and each ERISA Affiliate (as hereinafter defined) has fulfilled its obligations, if any, under the minimum funding standards of Section 302 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to each "pension plan" (as defined in Section 3(2) of ERISA), subject to Section 302 of ERISA, which Kratos, its Subsidiaries or any ERISA Affiliate sponsors or maintains, or with respect to which it has (or within the last three years had) any obligation to make contributions, and each such plan is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code of 1986, as amended (the "Code"). None of Kratos, its Subsidiaries or any ERISA Affiliate has incurred any unpaid liability to the Pension Benefit Guaranty Corporation (other than for the payment of premiums in the ordinary course) or to any such plan under Title IV of ERISA. "ERISA Affiliate" means a corporation, trade or business that is, along with Kratos or any Subsidiary, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Section 414 of the Code or Section 4001 of ERISA.

(hh) *Labor Matters*. (i) Other than as disclosed in the Time of Sale Document and Final Offering Memorandum, none of Kratos, any of its Subsidiaries or any Herley Entity is party to or bound by any collective bargaining agreement with any labor organization; (ii) there is no union representation question existing with respect to the employees of Kratos, its Subsidiaries or Herley, and, to the knowledge of Kratos, after due inquiry, no union organizing activities are taking place that, could, individually or in the aggregate, have a Material Adverse Effect; (iii) to the knowledge of Kratos, after due inquiry, no union organizing or decertification efforts are underway or threatened against Kratos, its Subsidiaries or Herley; (iv) no labor strike, work stoppage, slowdown or other material labor dispute is pending against Kratos, its Subsidiaries or Herley, or, to Kratos' knowledge, after due inquiry, threatened against Kratos, its Subsidiaries or Herley; (v) there is no worker's compensation liability, experience or matter that could be reasonably expected to have a Material Adverse Effect; (vi) to the knowledge of Kratos, after due inquiry, there is no threatened or pending liability against Kratos, its Subsidiaries or Herley pursuant to the Worker Adjustment Retraining and Notification Act of 1988, as amended ("WARN"), or any similar state or local law; (vii) there is no employment-related charge, complaint, grievance, investigation, unfair labor practice claim or inquiry of any kind, pending against Kratos, its Subsidiaries or Herley that could, individually or in the aggregate, have a Material Adverse Effect; (viii) to the knowledge of Kratos and its Subsidiaries, after due inquiry, no employee or agent of Kratos, its Subsidiaries or Herley has committed any act or omission giving rise to liability for any violation identified in subsection (vi) and (vii) above, other than such acts or omissions that would not, individually or in the aggregate, have a Material Adverse Effect; and (ix) no term or condition of employment exists through arbitration awards, settlement agreements or side agreement that is contrary to the express terms of any applicable collective bargaining agreement.

(ii) *Compliance with Environmental Laws*. Except as disclosed in the Time of Sale Document and the Final Offering Memorandum, each of Kratos, its Subsidiaries and Herley is (i) in compliance with any and all applicable U.S. or non-U.S. federal, state and local laws and regulations relating to health and safety, or the pollution or the protection of the environment or hazardous or toxic substances of wastes, pollutants or contaminants ("Environmental Laws"), (ii) has received and is in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct its respective businesses and (iii) has not received notice of, and is not aware of, any actual or potential liability for damages to natural resources or the investigation or remediation of any disposal, release or existence of hazardous or toxic substances or wastes, pollutants or contaminants, in each case except where such non-compliance with Environmental Laws, failure to receive and comply with required permits, licenses or other approvals, or liability would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the Time of Sale Document and the Final Offering Memorandum, none of Kratos, any of its Subsidiaries or any Herley Entity has been named as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, or any similar U.S. or non-U.S. state or local Environmental Laws or regulation requiring Kratos, any of its Subsidiaries or any Herley Entity to investigate or remediate any pollutants or contaminants, except where such requirements would not, individually or in the aggregate, have a Material Adverse Effect, whether or not arising from transactions in the ordinary course of business. In the ordinary course of its business, each of Kratos and Herley periodically reviews the effects of Environmental Laws on the business, operations and properties of Kratos and its Subsidiaries and Herley, respectively, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, Kratos and, to Kratos' knowledge, Herley have reasonably concluded that such associated costs would not have a Material Adverse Effect.

(jj) *Insurance*. Each of Kratos, its Subsidiaries and each Herley Entity is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which it is engaged. All policies of insurance insuring Kratos, any of its Subsidiaries or any Herley Entity or their respective businesses, assets, employees, officers and directors are in full force and effect. Kratos, its Subsidiaries and Herley are in compliance with the terms of such policies and instruments in all material respects, and there are no claims by Kratos, any of its Subsidiaries or any Herley Entity under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. None of Kratos, any of its Subsidiaries or any Herley Entity has been refused any insurance coverage sought or applied for, and none of Kratos, any of its Subsidiaries or any Herley Entity has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect.

(kk) *Accounting System*. Each of Kratos, its Subsidiaries and each Herley Entity makes and keeps accurate books and records and maintains a system of internal accounting controls and procedures sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences. Kratos' management concluded that Kratos' internal control over financial reporting was effective as of December 26, 2010, and since that date the independent auditors and board of directors of Kratos have been advised of: (i) all "material weaknesses" and "significant deficiencies" (each, as defined in Rule 12b-2 of the Exchange Act), if any, in the design or operation of Kratos' internal control over financial reporting which are reasonably likely to adversely affect Kratos' ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a role in Kratos' internal control over financial reporting (whether or not remediated). Except as disclosed in the Time of Sale Document and the Final Offering Memorandum, as of the date hereof there are no material weaknesses in Kratos' internal control over financial reporting. Since the date of the most recent evaluation of Kratos' disclosure controls and procedures and internal control over financial reporting, there have been no changes in Kratos' internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Kratos' internal control over financial reporting.

(ll) *Use of Proceeds; Solvency; Going Concern*. All indebtedness represented by the Securities is being incurred for proper purposes and in good faith. On the Closing Date, after giving pro forma effect to the Offering and the use of proceeds therefrom described under the caption "Use of Proceeds" in the Time of Sale Document and Final Offering Memorandum, the Issuers, the Stage II Guarantors, Acquisition Co. and, upon consummation of the Acquisition, each Herley Entity, (i) will be Solvent (as hereinafter defined), (ii) will have sufficient capital for carrying on its business and (iii) will be able to pay its debts as they mature. As used in this paragraph, the term "Solvent" means, with respect to a particular date, that on such date (i) the present fair market value (or present fair saleable value) of the assets of the Issuers, the Stage II Guarantors, Acquisition Co. and, upon consummation of the Acquisition, each Herley Entity, is not less than the total amount required to pay the liabilities of the Issuers and each Guarantor on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured; (ii) the Issuers, the Stage II Guarantors, Acquisition Co. and, upon consummation of the Acquisition, each Herley Entity, is able to pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business; (iii) assuming consummation of the issuance of the Securities as contemplated by this Agreement and the Time of Sale Document and Final Offering Memorandum, none of the Issuers, the Stage II Guarantors, Acquisition Co. and, upon consummation of the Acquisition, each Herley Entity, is incurring debts or liabilities beyond its ability to pay as such debts and liabilities mature; (iv) none of the Issuers, the Stage II Guarantors, Acquisition Co. and, upon consummation of the Acquisition, each

Herley Entity, is engaged in any business or transaction, and does not propose to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which the Issuers, the Stage II Guarantors, Acquisition Co. or any Herley Entity is engaged; and (v) none of the Issuers, the Stage II Guarantors, Acquisition Co. and, upon consummation of the Acquisition, any Herley Entity is otherwise insolvent under the standards set forth in Applicable Laws.

(mm) *No Price Stabilization or Manipulation.* Neither Kratos nor any of its Affiliates has and, to Kratos' knowledge, after due inquiry, no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of Kratos, whether to facilitate the sale or resale of any of the Stage I Securities or otherwise, (ii) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, any of the Stage I Securities, or (iii) except as disclosed in the Time of Sale Document and the Final Offering Memorandum, paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of Kratos.

(nn) *No Registration Required Under the Securities Act or Qualification Under the TIA.* Without limiting any provision herein, no registration under the Securities Act and no qualification of the Stage I Indenture under the TIA is required for the offer or sale of the Stage I Securities to the Initial Purchasers as contemplated hereby or for the Exempt Resales, assuming (i) that the purchasers in the Exempt Resales are QIBs or are not "U.S. persons" (as defined under Regulation S of the Securities Act) and (ii) the accuracy of each Initial Purchaser's representations contained herein regarding the absence of general solicitation in connection with the sale of the Stage I Securities to the Initial Purchasers and in the Exempt Resales. No registration under the Securities Act is required for the issuance of the Stage II Notes in connection with the Stage II Notes Exchange Redemption.

(oo) *No Integration.* The Securities will be, upon issuance, eligible for resale pursuant to Rule 144A under the Securities Act and no other securities of either Issuer are of the same class (within the meaning of Rule 144A under the Securities Act) as the Securities and listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system. No securities of either Issuer of the same class as the Securities have been offered, issued or sold by Kratos or any of its Affiliates within the six-month period immediately prior to the date hereof; and Kratos does not have any intention of making, and will not make, an offer or sale of such securities of either Issuer of the same class as the Securities, for a period of six months after the date of this Agreement, except for the offering of the Securities as contemplated by this Agreement or the Registration Rights Agreement. As used in this paragraph, the terms "offer" and "sale" have the meanings specified in Section 2(a)(3) of the Securities Act.

(pp) *No Directed Selling Efforts*. None of Kratos, any of its Affiliates or other person acting on behalf of Kratos has, with respect to Stage I Securities sold outside the United States,

offered the Stage I Securities to buyers qualifying as "U.S. persons" (as defined in Rule 902 under the Securities Act) or engaged in any directed selling efforts within the meaning of Rule 902 under the Securities Act; each of Kratos, Affiliates of Kratos and any persons acting on behalf of Kratos has complied with and will implement the "offering restrictions" within the meaning of such Rule 902; and neither Kratos nor any of its Affiliates has entered or will enter into any arrangement or agreement with respect to the distribution of the Stage I Securities, except for this Agreement; provided that no representation is made in this paragraph with respect to the actions of the Initial Purchasers.

(qq) *No Applicable Registration or Other Similar Rights.* There are no persons with registration or other similar rights to have any equity or debt securities of Kratos or any "Affiliate" registered for sale under a registration statement, except for rights (i) contained in the Registration Rights Agreement or (ii) as have been duly waived.

(rr) *Margin Requirements*. None of the Transactions or the application of the proceeds of the Stage I Securities will violate or result in a violation of Section 7 of the Exchange Act (including, without limitation, Regulation T (12 C.F.R. Part 220), Regulation U (12 C.F.R. Part 221) or Regulation X (12 C.F.R. Part 224) of the Board of Governors of the Federal Reserve System).

(ss) *Investment Company Act*. Each of the Issuers has been advised of the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC thereunder (collectively, the "Investment Company Act"); as of the date hereof and, after giving effect to the Offering and the use of proceeds of the Offering, none of Herley, either Issuer, or the Subsidiaries is or will be, individually or on a consolidated basis, an "investment company" that is required to be registered under the Investment Company Act; and following the Closing Date, each of Herley, the Issuers and the Subsidiaries will conduct its business in a manner so as not to be required to register under the Investment Company Act.

(tt) *No Brokers*. Neither Kratos nor any of its Affiliates has engaged any broker, finder, commission agent or other person (other than the Initial Purchasers or their affiliates) in connection with the Offering or any of the Transactions, and neither Kratos nor any of its Affiliates is under any obligation to pay any broker's fee or commission in connection with such Transactions (other than commissions or fees to the Initial Purchasers or their affiliates).

(uu) *No Restrictions on Payments of Dividends*. As of the Closing Date, except as otherwise disclosed in the Time of Sale Document and the Final Offering Memorandum, there will be no encumbrances or restrictions on the ability of any Subsidiary of Kratos or, upon the consummation of the Acquisition, any Herley Entity (x) to pay dividends or make other distributions on the capital stock of such Subsidiary or Herley Entity, as applicable, or to pay any indebtedness to Kratos, any other Subsidiary of Kratos or any other Herley Entity, (y) to make loans or advances or pay any indebtedness to, or investments in, Kratos, any other Subsidiary or any other Herley Entity or (z) to transfer any of its property or assets to Kratos, any other Subsidiary of Kratos or any Herley Entity.

(vv) *Sarbanes-Oxley.* There is and has been no failure on the part of Kratos and its Subsidiaries or any of the officers and directors of Kratos or any of its Subsidiaries, in their capacities as such, to comply with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith.

(ww) *Foreign Corrupt Practices Act*. None of Kratos, any of its Subsidiaries or any Herley Entity or any director, officer, employee or, to the knowledge of Kratos or any of its Subsidiaries, any agent or other person acting on behalf of Kratos, any of its Subsidiaries or any Herley Entity has, in the course of its actions for, or on behalf of, Kratos, any of its Subsidiaries or any Herley Entity (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any domestic government official, "foreign official" (as defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and

regulations thereunder (collectively, the "FCPA") or employee from corporate funds; (iii) violated or is in violation of any provision of the FCPA or any applicable non-U.S. anti-bribery statute or regulation; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic government official, such foreign official or employee.

(xx) *Money Laundering.* The operations of Kratos, its Subsidiaries and Herley are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Kratos, any of its Subsidiaries or any Herley Entity with respect to the Money Laundering Laws is pending or, to Kratos' knowledge, after due inquiry, threatened.

(yy) *OFAC.* None of Kratos, any of its Subsidiaries or, to Kratos' knowledge, after due inquiry, any Herley Entity or any director, officer, agent, employee or Affiliate of Kratos or any of its Subsidiaries or other person acting on their behalf is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and Kratos will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(zz) *Stamp Taxes.* There are no stamp or other issuance or transfer taxes or duties or other similar fees or charges required to be paid in connection with the execution and delivery of this Agreement or the issuance or sale of the Stage I Securities or the issuance of the Stage II Securities in connection with the Stage II Notes Exchange Redemption.

(aaa) *Indebtedness to be Refinanced*. Herley's U.S. subsidiaries have $2.0 million of outstanding Indebtedness, with respect to which Herley has delivered to the East

Hempfield Township Industrial Development Authority (the "IDA") an irrevocable notice of intent to repay such outstanding indebtedness no later than May 2, 2011.

(bbb) *Financial Services and Market Act.* Kratos has not taken or omitted to take any action and will not take any action or omit to take any action (such as issuing any press release or making any other public announcement referring to the Offering without an appropriate stabilization legend) which may result in the loss by the Initial Purchasers of the ability to rely on any stabilization safe harbour provided by the Financial Services Authority of the United Kingdom under the Financial Services and Markets Act 2000 (the "FSMA"); provided, however, that an appropriate stabilization legend was not in the Preliminary Offering Memorandum or the Pricing Term Sheet. Kratos has been informed of the guidance relating to stabilization provided by the Financial Services Authority of the United Kingdom, in particular the guidance contained in Section MAR 2 of the Financial Services Handbook.

(ccc) *Escrow Agreement*. As of the Closing Date, the provisions of the Escrow Agreement will be effective to create in favor of the Escrow Agent for the benefit of the holders of Stage I Notes and the Stage I Trustee a legal, valid and enforceable security interest in all right, title and interest of the Stage I Issuer in the collateral described therein, and the Escrow Agent, for the benefit of the secured creditors named therein, will have a perfected security interest in all right, title and interest in all of the collateral described therein, subject to no other Liens.

(ddd) *Merger Agreement*. The Merger Agreement has been duly authorized, executed and delivered by Kratos, Acquisition Co. and Herley Industries, Inc., and constitutes a valid and legally binding agreement of Kratos, Acquisition Co. and Herley Industries Inc. enforceable in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. Compliance by Kratos, Acquisition Co. and Herley Industries, Inc. with their respective obligations under the Merger Agreement does not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of Kratos or any of its Subsidiaries pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which Kratos is a party or by which they may be bound or to which any of the property or assets of Kratos or any of its Subsidiaries is subject, except for any such conflict, breach, default, creation or imposition that would not have a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or bylaws of Kratos, Acquisition Co. or Herley Industries Inc., or any law, administrative regulation or administrative or court order or decree. No consent, approval, authorization or order of any court or governmental authority or agency is required for the consummation by Kratos, Acquisition Co. or Herley Industries Inc. of the transactions contemplated by the Merger Agreement, except such as has been obtained or is contemplated by the Merger Agreement. Statements included or incorporated by reference in the Time of Sale Document and the Offering Memorandum relating to the

Merger Agreement and the transactions contemplated thereby are correct in all material respects. None of Kratos, Acquisition Co. or Herley Industries Inc. is in default under the Merger Agreement. The representations and warranties contained in the Merger Agreement relating to Kratos are true and correct in all material respects, other than those representations and warranties relating to Kratos that are already qualified by materiality, which are true and correct. To the knowledge of Kratos, the representations and warranties contained in the Merger Agreement relating to Herley Industries Inc. are true and correct in all material respects, other than those representations and warranties relating to Herley Industries Inc. that are already qualified by materiality, which are true and correct.

(eee) *Certificates*. Each certificate signed by any officer of Kratos or any of its Subsidiaries, delivered to the Initial Purchasers shall be deemed a representation and warranty by Kratos or any such Subsidiary (and not individually by such officer) to the Initial Purchasers with respect to the matters covered thereby.

(fff) *CFO Certification*. The Chief Financial Officer of Kratos or members of her staff who are responsible for the the financial accounting matters of the Issuers and the Guarantors have carried out procedures designed to provide reasonable assurance as to the accuracy of the data included in the attached Appendix 1, which is included in the Time of Sale Document and the Final Offering Memorandum. To the best of Kratos' knowledge and belief, such data is true and correct in all material respects.

5. Covenants of the Issuers and the Guarantors. Each of the Issuers and Guarantors, jointly and severally, agrees:

(a) *Securities Law Compliance*. To (i) advise the Initial Purchasers promptly after obtaining knowledge (and, if requested by the Initial Purchasers, confirm such advice in writing) of (A) the issuance by any U.S. or non-U.S. federal or state securities commission of any stop order suspending the qualification or exemption from qualification of any of the Securities for offer or sale in any jurisdiction, or the initiation of any proceeding for such purpose by any U.S. or non-U.S. federal or state securities commission or other regulatory authority, or (B) the happening of any event that makes any statement of a material fact made in the Time of Sale Document, any Company Additional Written Communication or the Final Offering Memorandum, untrue or that requires the making of any additions to or changes in the Time of Sale Document, any Company Additional Written Communication, or the Final Offering Memorandum, to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) use its reasonable best efforts to prevent the issuance of any stop order or order suspending the qualification or exemption from qualification of any of the Securities under any securities or "Blue Sky" laws of U.S. state or non-U.S. jurisdictions and (iii) if, at any time, any U.S. or non-U.S. federal or state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of any of the Securities under any such laws, use its reasonable best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.

(b) *Offering Documents*. To (i) furnish the Initial Purchasers, without charge, as many copies of the Time of Sale Document and the Final Offering Memorandum, and any amendments or supplements thereto, as the Initial Purchasers may reasonably request, and (ii) promptly prepare, upon the Initial Purchasers' reasonable request, any amendment or supplement to the Time of Sale Document or Final Offering Memorandum that the Initial Purchasers, upon advice of legal counsel, determines may be necessary in connection with Exempt Resales (and the Issuers and the Guarantors hereby consent to the use of the Time of Sale Document and the Final Offering Memorandum, and any amendments and supplements thereto, by the Initial Purchasers in connection with Exempt Resales).

(c) *Consent to Amendments and Supplements*. Not to amend or supplement the Time of Sale Document or the Final Offering Memorandum prior to the Closing Date, or at any time prior to the completion of the resale by the Initial Purchasers of all the Stage I Securities purchased by the Initial Purchasers, unless the Initial Purchasers shall previously have been advised thereof and shall have provided its written consent thereto. Before making, preparing, using, authorizing, approving or referring to any Company Additional Written Communications, Kratos will furnish to the Initial Purchasers and counsel for the Initial Purchasers a copy of such written communication for review and will not make, prepare, use, authorize, approve or refer to any such written communication to which the Initial Purchasers reasonably objects. The Issuers and the Guarantors consent to the use by the Initial Purchasers of a Company Additional Written Communication that contains (A) information describing the preliminary terms of the Securities or their offering or (B) information that describes the final terms of the Securities or their offering and that is included in or is subsequently included in the Final Offering Memorandum, including by means of the Pricing Supplement.

(d) *Preparation of Amendments and Supplements to Offering Documents*. So long as the Initial Purchasers shall hold any of the Securities, (i) if any event shall occur as a result of which, in the reasonable judgment of Kratos or the Initial Purchasers, it becomes necessary or advisable to amend or supplement the Time of Sale Document or the Final Offering Memorandum to correct any untrue statement of a material fact or omission to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Time of Sale Document or the Final Offering Memorandum to comply with any Applicable Law, to prepare, at the expense of Kratos, an appropriate amendment or supplement to the Time of Sale Document and the Final Offering Memorandum (in form and substance reasonably satisfactory to the Initial Purchasers) so that (A) as so amended or supplemented, the Time of Sale Document and the Final Offering Memorandum will not include an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (B) the Time of Sale Document and the Final Offering Memorandum will comply with Applicable Law and (ii) if in the reasonable judgment of Kratos it becomes necessary or advisable to amend or supplement the Time of Sale Document or the Final Offering Memorandum so that the Time of Sale Document and the Final Offering Memorandum will contain all of the information specified in, and meet the requirements of, Rule 144A(d)(4) of the Securities Act, to

prepare an appropriate amendment or supplement to the Time of Sale Document or the Final Offering Memorandum (in form and substance reasonably satisfactory to the Initial Purchasers) so that the Time of Sale Document or the Final Offering Memorandum, as so amended or supplemented, will contain the information specified in, and meet the requirements of, such Rule.

(e) *"Blue Sky" Law Compliance*. To cooperate with the Initial Purchasers and the Initial Purchasers' counsel in connection with the qualification of the Securities under the securities or "Blue Sky" laws of U.S. state or non-U.S. jurisdictions as the Initial Purchasers may request and continue such qualification in effect so long as reasonably required for Exempt Resales. Kratos will advise the Initial Purchasers promptly of the suspension of any such exemption relating to the Securities for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such exemption, Kratos shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(f) *Payment of Expenses*. Whether or not any of the Offering or the Transactions are consummated or this Agreement is terminated, to pay (i) all costs, expenses, fees and taxes incident to and in connection with: (A) the preparation, printing and distribution of the Time of Sale Document and the Final Offering Memorandum and all amendments and supplements thereto (including, without limitation, financial statements and exhibits), and all other agreements, memoranda, correspondence and other documents prepared and delivered in connection herewith, (B) the negotiation, printing, processing and distribution (including, without limitation, word processing and duplication costs) and delivery of, each of the Documents, (C) the preparation, issuance and delivery of the Securities, (D) the qualification of the Securities for offer and sale under the securities or "Blue Sky" laws of U.S. state or non-U.S. jurisdictions (including, without limitation, the reasonable fees and disbursements of the Initial Purchasers' counsel relating

to such registration or qualification), (E) furnishing such copies of the Time of Sale Document and the Final Offering Memorandum, and all amendments and supplements thereto, as may reasonably be requested for use by the Initial Purchasers and (F) the performance of the obligations of the Issuers and the Guarantors under the Registration Rights Agreement, including but not limited to the Exchange Offer, the Exchange Offer Registration Statement and any Shelf Registration Statement, (ii) all fees and expenses of the counsel, accountants and any other experts or advisors retained by the Issuers or the Guarantors, (iii) all fees and expenses (including fees and expenses of counsel) of the Issuers or the Guarantors in connection with approval of the Securities by DTC for "book-entry" transfer, (iv) all fees charged by rating agencies in connection with the rating of the Stage I Securities, (v) all fees and expenses (including reasonable fees and expenses of counsel) of the Trustee, the Escrow Agent and all collateral agents, (vi) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Collateral Agreements (including without limitation, filing and recording fees, search fees, taxes and costs of title policies) and (vii) all out-of-pocket expenses (including (i) up to $200,000 of fees, disbursements and other expenses of White & Case LLP, which limitation is an aggregate cap for all such fees, disbursements and other expenses of White & Case LLP and (ii) the fees and expenses of any other independent experts retained by Jefferies) reasonably incurred by the Initial

Purchasers and their designated affiliates, travel and lodging expenses, chartering of airplanes, roadshow or investor presentation expenses, word processing charges, the costs of printing or producing any investor presentation materials, messenger and duplicating service expenses, facsimile expenses and other customary expenditures.

(g) *Use of Proceeds*. To use the proceeds of the Offering in the manner described in the Time of Sale Document and the Final Offering Memorandum under the caption "Use of Proceeds."

(h) *Transaction Documents*. To do and perform all things required to be done and performed under the Documents prior to and after the Closing Date.

(i) *Integration*. Not to, and to ensure that no Affiliate of Kratos will, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Securities Act) that would be integrated with the sale of the Stage I Securities in a manner that would require the registration under the Securities Act of the sale to the Initial Purchasers or to the Subsequent Purchasers of the Stage I Securities.

(j) *Stabilization or Manipulation*. Not to take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Securities or any other reference security, whether to facilitate the sale or resale of the Securities or otherwise.

(k) *DTC*. To comply with the representation letters of each of the Issuers to DTC relating to the approval of the Securities by DTC for "book-entry" transfer.

(l) *Rule 144(A) Information*. For so long as any of the Securities remain outstanding, during any period in which Kratos is not subject to Section 13 or 15(d) of the Exchange Act, to make available, upon request, to any owner of the Securities in connection with any sale thereof and any prospective Subsequent Purchasers of such Securities from such owner, the information required by Rule 144A(d)(4) under the Securities Act.

(m) *Furnish Trustee and Noteholder Reports*. For so long as any of the Securities remain outstanding, to furnish to the Initial Purchasers copies of all reports and other communications (financial or otherwise) furnished by either Issuer to the respective Trustee or to the holders of the Securities and, as soon as available, copies of any reports or financial statements furnished to or filed by either Issuer with the SEC or any national securities exchange on which any class of securities of either Issuer may be listed.

(n) *Additional Offering Materials*. Except in connection with the Exchange Offer or the filing of the Shelf Registration Statement, not to, and not to authorize or permit any person acting on its behalf to, (i) distribute any offering material in connection with the offer and sale of the Securities other than the Time of Sale Document and the Final Offering Memorandum and any amendments and supplements to the Preliminary Offering Memorandum or the Final Offering Memorandum prepared in compliance with this Agreement, (ii) solicit any offer to buy or offer to sell the Securities by means of any form of general solicitation or general advertising (including, without limitation, as such terms are used in Regulation D under the Securities Act) or in any manner involving a

public offering within the meaning of Section 4(2) of the Securities Act, or (iii) engage in any directed selling efforts within the meaning of Regulation S, and all such persons will comply with the offering restrictions requirement of Regulation S.

(o) *Sale of Restricted Securities*. During the one year period after the Closing Date in the case of the Stage I Securities (or such shorter period as may be provided for in Rule 144 under the Securities Act, as the same may be in effect from time to time), and during the one year period after the consummation of the Stage II Notes Exchange Redemption in the case of the Stage II Securities (or such shorter period as may be provided for in Rule 144 under the Securities Act, as the same may be in effect from time to time), to not, and to not permit any current or future Subsidiaries of either Kratos or any other Affiliates controlled by Kratos to, resell any of the Securities which constitute "restricted securities" under Rule 144 that have been reacquired by Kratos, any current or future Subsidiaries or any other Affiliates controlled by Kratos, except pursuant to an effective registration statement under the Securities Act.

(p) *Stamp Taxes*. To pay all stamp or other issuance or transfer taxes or duties other similar fees or charges which may be imposed by any governmental or regulatory authority in connection with the execution and delivery of this Agreement or the issuance or sale of the Securities.

(q) *Security Interests.* To complete on or prior to the Closing Date all filings and other similar actions required in connection with the perfection of security interests as and to the extent contemplated by the Collateral Agreements.

(r) *Good Standings.* To deliver to the Initial Purchasers on the date hereof satisfactory evidence of the good standing of Kratos and its Subsidiaries in their respective jurisdictions of organization and the good standing of Kratos and its Subsidiaries in such other jurisdictions as the Initial Purchasers

may reasonably request and, on the Closing Date, "bring down" evidence of the same, in each case in writing or any standard form of telecommunication, from the appropriate governmental authorities of such jurisdictions.

(s) *Investment Company.* Each of Kratos and its Subsidiaries will conduct its business in a manner so as to not be required to register under the Investment Company Act.

(t) *Consummation of Acquisition.* Kratos shall cause Acquisition Co. to consummate the Acquisition in accordance with the Merger Agreement. Concurrently with the consummation of the Acquisition, Kratos shall cause each Herley Entity to (i) become a party to each of this Agreement and the Registration Rights Agreement as a Guarantor by executing and delivering a joinder agreement in the form of Exhibit A hereto to the Initial Purchasers and (ii) comply with the applicable provisions of the Stage I Indenture (including causing each Herley Entity required to guarantee the Stage I Notes to guarantee such Stage I Notes on the fifteenth business day following the consummation of the Acquisition) and the Escrow Agreement.

(u) *Merger of Stage I Issuer Into Kratos and Stage II Notes Exchange Redemption.* Promptly following the consummation of the Acquisition, (i) Kratos shall cause Intermediate

Holdings to merge with and into Kratos at which time Kratos shall pursuant to a supplemental indenture to the Stage I Indenture assume the obligations of Intermediate Holdings under the Stage I Notes and the Stage I Indenture Documents and become the Stage I Issuer under the Stage I Indenture; (ii) Kratos shall take all necessary steps to consummate the Stage II Notes Exchange Redemption and shall deliver, or cause to be delivered, all required documentation to DTC in order to effectuate such Stage II Notes Exchange Redemption and (iii) Kratos shall cause each Herley Entity to comply with the applicable provisions of the Stage II Indenture (including causing each Herley Entity required to guarantee the Kratos Notes to guarantee such Kratos Notes).

6. Representations and Warranties of the Initial Purchasers. Each Initial Purchaser, severally and not jointly, represents and warrants to Kratos that:

(a) *Initial Purchaser Status, Resale Terms*. It is a QIB and it will offer the Securities for resale only upon the terms and conditions set forth in this Agreement and in the Time of Sale Document and the Final Offering Memorandum.

(b) *Sale of Restricted Exchange Securities*. It will solicit offers to buy the Stage I Securities only from, and will offer and sell the Stage I Securities only to, persons reasonably believed by the Initial Purchaser (A) to be QIBs or (B) to not be "U.S. persons" (as defined under Regulation S under the Securities Act) and in compliance with laws applicable to such persons in jurisdictions outside of the United States; provided, however, that in purchasing such Stage I Securities, such persons are deemed to have represented and agreed as provided under the caption "Notice to Investors" contained in the Time of Sale Document and the Final Offering Memorandum.

(c) *General Solicitation*. No form of general solicitation or general advertising in violation of the Securities Act has been or will be used nor will any offers in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act or, with respect to Stage I Securities to be sold in reliance on Regulation S, by means of any directed selling efforts be made by such Initial Purchaser or any of its representatives in connection with the offer and sale of any of the Stage I Securities.

7. Conditions. The obligations of the Initial Purchasers to purchase the Stage I Securities under this Agreement are subject to the performance by each of the Issuers and the Guarantors of their respective covenants and obligations hereunder and the satisfaction of each of the following conditions:

(a) *Representations, Warranties and Agreements*. All the representations and warranties of each of the Issuers and the Guarantors contained in this Agreement and in each of the other Documents shall be true and correct as of the date hereof and at the Closing Date. On or prior to the Closing Date, Kratos and each other party to the Documents (other than the Initial Purchasers) shall have performed or complied with all of the agreements and satisfied all conditions on their respective parts to be performed, complied with or satisfied pursuant to the Documents (other than conditions to be satisfied by such other parties, which the failure to so satisfy would not, individually or in the aggregate, have a Material Adverse Effect). It is understood and agreed that, for purposes of this

Agreement, in the event that the Initial Purchasers determine that a Material Adverse Effect or a Material Adverse Change has occurred and an Issuer or a Guarantor seeks to dispute such determination, such Issuer or Guarantor shall bear the burden of proof to demonstrate by clear and convincing evidence that a Material Adverse Effect or a Material Adverse Change, as applicable, has not occurred.

(b) *Closing Deliverables.* The Initial Purchasers shall have received on the Closing Date:

(i) *Officers' Certificate.* Certificates dated the Closing Date, signed by (1) the Chief Executive Officer and (2) the principal financial or accounting officer of each of the Issuers and the Guarantors to the effect that (a) the representations and warranties set forth in Section 4 hereof, in each of the Documents and the Perfection Certificate, as applicable, are true and correct in all material respects with the same force and effect as though expressly made at and as of the Closing Date, (b) such Issuer or Guarantor, as applicable, has performed and complied with all agreements and satisfied all conditions in all material respects on its part to be performed or satisfied at or prior to the Closing Date, (c) at the Closing Date, since the date hereof or since the date of the most recent financial statements in the Time of Sale Document and the Final Offering Memorandum (exclusive of any amendment or supplement thereto after the date hereof), no event or events have occurred, no information has become known nor does any condition exist that, individually or in the aggregate, would have a Material Adverse Effect, (d) since the date of the most recent financial statements in the Time of Sale Document and the Final Offering Memorandum (exclusive of any amendment or supplement thereto after the date hereof), other than as described in the Time of Sale Document and the Final Offering Memorandum or contemplated hereby, neither the Issuers, the Guarantors nor any other Subsidiary has

incurred any liabilities or obligations, direct or contingent, not in the ordinary course of business, that are material to Kratos and its Subsidiaries, taken as a whole, or entered into any transactions not in the ordinary course of business that are material to the business, condition (financial or otherwise) or results of operations or prospects of Kratos and its Subsidiaries, taken as a whole, and there has not been any change in the capital stock or long-term indebtedness of the Issuers, the Guarantors or any other Subsidiary of Kratos that is material to the business, condition (financial or otherwise) or results of operations or prospects of Kratos and its Subsidiaries, taken as a whole, and (e) the sale of the Stage I Securities has not been enjoined (temporarily or permanently).

(ii) *Secretary's Certificate.* A certificate, dated the Closing Date, executed by the Secretary of the Issuers and the Guarantors, certifying such matters as the Initial Purchasers may reasonably request.

(iii) *Good Standing Certificates.* A certificate evidencing qualification by such entity as a foreign corporation in good standing issued by the Secretaries of State (or comparable office) of each of the jurisdictions in which each of Kratos and its Subsidiaries operates as of a date within five days prior to the Closing Date.

(iv) *Solvency Certificate.* A certificate of solvency, dated the Closing Date, executed by the chief financial officer of Kratos in the form of Exhibit B attached hereto.

(v) *Company Counsel Opinion.* The opinion of Paul, Hastings, Janofsky & Walker LLP, counsel to the Issuers and Guarantors, dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers.

(vi) *Opinion of Sheppard Mullin Richter & Hampton LLP*. The opinion of Sheppard Mullin Richter & Hampton LLP, counsel to the Issuers and Guarantors, regarding security interests and collateral matters, dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers.

(vii) *Local Counsel Opinions.* Each of the local counsel to Kratos and the Stage II Guarantors listed on Schedule IV hereto or otherwise agreed upon by the Initial Purchasers shall have furnished to the Initial Purchasers, at the request of Kratos, its written opinion, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers.

(viii) *Initial Purchaser Counsel Opinion.* An opinion, dated the Closing Date, of White & Case LLP, counsel to the Initial Purchasers, in form satisfactory to the Initial Purchasers covering such matters as are customarily covered in such opinions.

(ix) *Comfort Letters.* The Initial Purchasers shall have received from each of Grant Thornton LLP, the registered public or certified public accountants of each Kratos and Herley, from Marcum LLP, the registered public or certified public accountants of Herley Industries, Inc. for the years ended August 3, 2008 and August 2, 2009, from EisnerAmper LLP, the registered public or certified public accountants of Henry Bros. and from Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu, the registered public or certified public accountants of General Microwave, (A) a customary initial comfort letter delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin) or Statement of Auditing Standards No. 100 (or any successor bulletin), as applicable, dated the date hereof, in form and substance reasonably satisfactory to the Initial Purchasers and their counsel, with respect to the financial statements and certain financial information contained in the Time of Sale Document and the Final Offering Memorandum, and (B) a customary "bring-down" comfort letter, dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and their counsel, which includes, among other things, a reaffirmation of the statements made in the initial letter furnished pursuant to clause (A) with respect to such financial statements and financial information contained in the Time of Sale Document and the Final Offering Memorandum.

(c) *Executed Documents.* The Initial Purchasers shall have received fully executed originals of each Document (each of which shall be in full force and effect on terms reasonably satisfactory to the Initial Purchasers), and each opinion, certificate, letter and other document to be delivered in connection with the Offering or any other Transaction.

(d) *Collateral.*

(A) The Collateral Agent shall have received on the Closing Date the following, in the form and substance reasonably satisfactory to the Initial Purchasers, but only to the extent not previously delivered:

(i) appropriately completed copies of Uniform Commercial Code financing statements naming the Stage I Issuer and Acquisition Co., as applicable, as a debtor and the Collateral Agent as the secured party, or other similar instruments or documents to be filed under the Uniform Commercial Code of all jurisdictions as may be necessary or, in the reasonable opinion of the Collateral Agent and its counsel, desirable to perfect the security interests of the Collateral Agent pursuant to the Stage I Collateral Agreements;

(ii) appropriately completed copies of Uniform Commercial Code Form UCC-3 termination statements, if any, necessary to release all Liens (other than Permitted Liens) of any person in any collateral described in any Stage I Collateral Agreement previously granted by any person;

(iii) certified copies of Uniform Commercial Code Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party acceptable to the Collateral Agent, dated a date reasonably near to the Closing Date, listing all effective financing statements which name the Stage I Issuer or Acquisition Co. as the debtor, together with copies of such financing statements (none of which shall cover any collateral described in any Stage I Collateral Agreement, other than such financing statements that evidence Permitted Liens);

(iv) such other approvals, opinions, or documents as the Collateral Agent may reasonably request in form and substance reasonably satisfactory to the Collateral Agent;

(B) The Collateral Agent and its counsel shall be satisfied that (a) the Lien granted to the Collateral Agent, for the benefit of the Secured Parties in the collateral described above is of the priority described in the Time of Sale Document and the Final Offering Memorandum and (b) no Lien exists on any of the collateral described above, other than the Lien created in favor of the Collateral Agent, for the benefit of the Secured Parties pursuant to a Collateral Agreement in each case subject to the Permitted Liens;

(C) All Uniform Commercial Code financing statements or other similar financing statements and Uniform Commercial Code Form UCC-3 termination statements required pursuant to clause (d)(A)(i) and (d)(A)(ii) above (collectively, the "UCC Statements") shall have been delivered to CT Corporation System or another similar filing service company acceptable to the Collateral Agent (the "Filing Agent"). The Filing Agent shall have acknowledged in a writing that is reasonably satisfactory to the Collateral Agent and its counsel (i) the Filing Agent's receipt of all UCC Statements, (ii) that the UCC Statements have either been submitted for filing in the appropriate filing offices or will be

submitted for filing in the appropriate offices within ten days following the Closing Date and (iii) that the Filing Agent will notify the Collateral Agent and its counsel of the results of such submissions within 30 days following the Closing Date.

(e) *Herley Debt.* Herley shall have no outstanding indebtedness other than $7.6 million of indebtedness of Herley's Israeli subsidiary, and the Initial Purchasers shall have received a copy of the irrevocable notice that was delivered by Herley to the IDA of Herley's intent to repay the $2.0 million of outstanding indebtedness under the bonds issued by Herley's U.S. subsidiaries to the IDA no later than May 2, 2011.

(f) *Acquisition*. The Tender Offer for all of the issued and outstanding shares of capital stock of Herley shall have expired pursuant to the Merger Agreement (with no provision thereof having been waived, amended, supplemented or otherwise modified in a manner which could reasonably be expected to be materially adverse to the rights or interests of Acquisition Co. or any holder of the Stage I Notes without the consent from the holders of at least a majority in aggregate principal amount thereof) and that Acquisition Co. shall have accepted for purchase such shares of capital stock which were validly tendered and not withdrawn and which when added to such shares of capital stock already held by Acquisition Co. constitute at least a majority on a fully-diluted basis of the issued and outstanding common stock of Herley (or such higher percentage of common and other capital stock as shall be required under applicable law, the constituent documents of Herley and the contractual arrangements of Herley to enable Acquisition Co. to cause the Merger to occur on or prior to the 90th day following the Closing Date without the vote of any other shareholder or any director of Herley), and Intermediate Holdings shall have made a contribution to Acquisition Co. with the gross proceeds of the Offering (net of all fees, expenses and costs related thereto) and all of the proceeds of the Contributions to the extent necessary to enable Acquisition Co. to concurrently consummate with the proceeds of such contribution such purchase.

(g) *No Material Adverse Change*. Subsequent to the respective dates as of which information is given in the Time of Sale Document (exclusive of any amendment or supplement thereto), there shall not have been any Material Adverse Change that could, in the sole judgment of Jefferies be expected to (i) make it impracticable or inadvisable to proceed with the offering, sale or delivery of the Stage I Securities on the terms and in the manner contemplated by this Agreement, the Time of Sale Document and the Final Offering Memorandum, or (ii) materially impair the investment quality of any of the Securities.

(h) *No Hostilities.* Any outbreak or escalation of hostilities or other national or international calamity or crisis, including acts of terrorism, or material adverse change or disruption in economic conditions in, or in the financial markets of, the United States (it being understood that any such change or disruption shall be relative to such conditions and markets as in effect on the date hereof), if the effect of such outbreak, escalation, calamity, crisis, act or material adverse change in the economic conditions in, or in the financial markets of, the United States could be reasonably expected to make it, in the sole judgment of Jefferies, impracticable or inadvisable to market or proceed with the offering or delivery of the Stage I Securities on the terms and in the manner contemplated

in the Time of Sale Document and the Final Offering Memorandum or to enforce contracts for the sale of any of the Stage I Securities.

(i) *No Suspension in Trading; Banking Moratorium.* (i) Trading in Kratos' common stock shall have been suspended by the SEC or the NASDAQ Global Market or a suspension or limitation of trading generally in securities on the New York Stock Exchange, the American Stock Exchange or the NASDAQ Global Market or any setting of limitations on prices for securities occurs on any such exchange or market or (ii) the declaration of a banking moratorium by any Governmental Authority has occurred or the taking of any action by any Governmental Authority after the date hereof in respect of its monetary or fiscal affairs that, in the case of clause (i) or (ii) of this paragraph, in the sole judgment of Jefferies could reasonably be expected to have a material adverse effect on the financial markets in the United States or elsewhere.

(j) *Corporate Proceedings*. All corporate proceedings and other legal matters incident to the authorization, form and validity of the Documents and the Transactions and all other legal matters relating of the offering, issuance and sale of the Securities and the Transactions shall be reasonably satisfactory in all material respects to counsel to the Initial Purchaser; and Kratos shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(k) *Escrow Agreement*. At the Closing Date, the Stage I Issuer shall have duly executed and delivered the Escrow Agreement and all other agreements, certificates, instruments and other documents and provided evidence that all other actions necessary or, in the reasonable opinion of the Escrow Agent, desirable, to perfect the security interests of the Escrow Agent in the Escrow Account have been taken and the Escrow Agreement shall be in full force and effect.

(l) *Required Escrow Deposit*. The Stage I Issuer shall have deposited cash into the Escrow Account in an amount, when taken together with the proceeds of the Stage I Notes deposited therein by the Initial Purchasers, equal to the Required Escrow Deposit.

(m) *No Material Applicable Laws or Proceedings.* (i) No Applicable Law shall have been enacted, adopted or issued and (ii) no stop order suspending the qualification or exemption from qualification of any of the Securities in any jurisdiction shall have been issued and no proceeding for that purpose shall have been commenced or, to Kratos' knowledge, after due inquiry, be pending or contemplated as of the Closing Date that, would, as of the date hereof and at the Closing Date, restrain, enjoin, prevent or interfere with the consummation of the Offering or any of the Transactions or would, individually or in the aggregate, have a Material Adverse Effect.

8. Indemnification and Contribution.

(a) *Indemnification by the Issuers and the Guarantors.* Each of the Issuers and Guarantors jointly and severally agree to indemnify and hold harmless each Initial Purchaser, its affiliates, directors, officers and employees, and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of

the Exchange Act, against any losses, claims, damages or liabilities of any kind to which such Initial Purchaser, affiliate, director, officer, employee or such controlling person may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of Kratos, insofar as any such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement of a material fact contained in the Time of Sale Document, any Company Additional Written Communication or the Final Offering Memorandum, or any amendment or supplement thereto; or

(ii) the omission or alleged omission to state, in the Time of Sale Document, any Company Additional Written Communication or the Final Offering Memorandum, or any amendment or supplement thereto, a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

and, subject to the provisions hereof, will reimburse, as incurred, such Initial Purchaser and its affiliates, directors, officers, employees and each such controlling persons for any legal or other expenses incurred by such person in connection with investigating, defending against, settling, compromising, paying or appearing as a third-party witness in connection with any such loss, claim, damage, liability, expense or action in respect thereof; provided, however, the Issuers and the Guarantors will not be liable in any such case to the extent (but only to the extent) that a court of competent jurisdiction shall have determined by a final, unappealable judgment that such loss, claim, damage, liability or expense resulted solely from any untrue statement or alleged untrue statement or omission or alleged omission made in the Time of Sale Document, any Company Additional Written Communication or the Final Offering Memorandum or any amendment or supplement thereto in reliance upon and in conformity with written information concerning the Initial Purchasers furnished to Kratos by the Initial Purchasers specifically for use therein, it being understood and agreed that the only such information furnished by the Initial Purchasers to Kratos consists of the information set forth in Section 13. The indemnity agreement set forth in this Section shall be in addition to any liability that the Issuers and the Guarantors may otherwise have to the indemnified parties.

(b) *Indemnification by the Initial Purchasers*. Each Initial Purchaser agrees severally and not jointly to indemnify and hold harmless each of the Issuers, each of the Guarantors and their respective directors, officers and each person, if any, who controls Kratos within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages, liabilities or expenses to which such Issuer, such Guarantor or any such director, officer or controlling person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as a court of competent jurisdiction shall have determined by a final, unappealable judgment that such losses, claims, damages, liabilities or expenses (or actions in respect thereof) have resulted solely from (i) any untrue statement or alleged untrue statement of any material fact contained

in the Time of Sale Document or the Final Offering Memorandum or any amendment or supplement thereto or (ii) the omission or the alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent (but only to the extent) that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning the Initial Purchasers furnished to Kratos by the Initial Purchasers specifically for use therein as set forth in Section 13; and, subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses incurred by the Issuers, each of the Guarantors or any such director, officer or controlling person in connection with any such loss, claim, damage, liability, expense or action in respect thereof. The indemnity agreement set forth in this Section shall be in addition to any liability that the Initial Purchasers may otherwise have to the indemnified parties.

(c) *Notifications and Other Indemnification Procedures*. As promptly as reasonably practicable after receipt by an indemnified party under this Section of notice of the commencement of any action for which such indemnified party is entitled to indemnification under this Section, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify the indemnifying party of the commencement thereof in writing; but the omission to so notify the indemnifying party (i) will not relieve such indemnifying party from any liability under Section 8(a) or (b) above unless and only to the extent it is materially prejudiced as a proximate result thereof and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in Section 8(a) and (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may elect, jointly with any other indemnifying party similarly notified by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, that if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be one or more legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, or (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after receipt by the indemnifying party of notice of the institution of such action, then, in each such case,

the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties at the expense of the indemnifying party. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend

such action, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Initial Purchasers in the case of Section 8(a) or Kratos in the case of Section 8(b), representing the indemnified parties under such Section 8(a) or (b), as the case may be, who are parties to such action or actions), (ii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party or (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party and shall be paid as they are incurred. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), unless such indemnified party waived in writing its rights under this Section, in which case the indemnified party may effect such a settlement without such consent.

(d) *Settlements*. No indemnifying party shall be liable under this Section for any settlement of any claim or action (or threatened claim or action) effected without its written consent, which shall not be unreasonably withheld, but if a claim or action settled with its written consent, or if there be a final judgment for the plaintiff with respect to any such claim or action, each indemnifying party jointly and severally agrees, subject to the exceptions and limitations set forth above, to indemnify and hold harmless each indemnified party from and against any and all losses, claims, damages or liabilities (and legal and other expenses as set forth above) incurred by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement or compromise of any pending or threatened proceeding in respect of which the indemnified party is or could have been a party, or indemnity could have been sought hereunder by the indemnified party, unless such settlement (A) includes an unconditional written release of the indemnified party, in form and substance satisfactory to the indemnified party, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of the indemnified party.

(e) *Contribution*. In circumstances in which the indemnity agreements provided for in this Section is unavailable to, or insufficient to hold harmless, an indemnified party in respect of any losses, claims, damages, liabilities or expenses (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contributions, shall contribute to the amount paid or payable by such indemnified party as a result of such

losses, claims, damages, liabilities or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties, on the one hand, and the indemnified party, on the other hand, from the Offering or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties, on the one hand, and the indemnified party, on the other hand, in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative benefits received by the Issuers and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, shall be deemed to be in the same proportion as the total proceeds from the Offering (before deducting expenses) received by the Stage I Issuer bear to the total discounts and commissions received by the Initial Purchasers. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers and the Guarantors, on the one hand, or the Initial Purchasers pursuant to Section 8(b) above, on the other hand, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or alleged statement or omissions, and any other equitable considerations appropriate in the circumstances.

(f) *Equitable Consideration.* The Issuers, the Guarantors and the Initial Purchasers agree that it would not be equitable if the amount of such contribution determined pursuant to Section 8(e) were determined by pro rata or per capita allocation or by any other method of allocation that does not take into account the equitable considerations referred to in Section 8(e). Notwithstanding any other provision of this Section, the Initial Purchasers shall not be obligated to make contributions hereunder that in the aggregate exceed the total discounts, commissions and other compensation received by such Initial Purchasers under this Agreement, less the aggregate amount of any damages that such Initial Purchasers have otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligation to contribute hereunder shall be several in proportion to their respective purchase obligations hereunder and not joint. For purposes of Section 8(e), each director, officer and employee of each Initial Purchaser, and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Initial Purchasers, and each director, officer and employee of the Issuers and the Guarantors, and each person, if any, who controls an Issuer or any of the Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Issuers and the Guarantors.

9. **Termination**. Jefferies may terminate this Agreement at any time prior to the Closing Date by written notice to Kratos if any of the events described in Sections 7(g) (No Material Adverse Change), 7(h) (No Hostilities) or 7(i) (No Suspension in Trading; Banking

Moratorium) shall have occurred or if the Initial Purchasers shall decline to purchase the Stage I Securities for any reason permitted by this Agreement. The Issuers may terminate this Agreement on the Closing Date by written notice to Jefferies if less than a majority of all of the outstanding shares of common stock of Herley have been validly tendered (on a fully-diluted basis) pursuant to the Tender Offer on or prior to the Closing Date. Any termination pursuant to this Section shall be without liability on the part of (a) the Issuers or the Guarantors to the Initial Purchasers, except that the Issuers and the Guarantors shall be obligated to reimburse the expenses of the Initial Purchasers pursuant to Section 5(f) hereof; provided, however that if the Issuers terminate this Agreement pursuant to the immediately preceding sentence then no such reimbursement obligation shall exist hereunder (but Kratos acknowledges and agrees that to the extent such expenses are reimbursable under the Debt Financing Letters (as defined in the Commitment Letter), such expenses shall continue to be reimbursable thereunder in accordance with the terms thereof), or (b) the Initial Purchasers to the Issuers or the Guarantors, except, in the case of each of clauses (a) and (b), that the provisions of Sections 9 and 10 hereof shall at all times be effective and shall survive such termination.

10. Survival. The representations and warranties, covenants, indemnities and contribution and expense reimbursement provisions and other agreements of the Issuers and the Guarantors set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of the Initial Purchasers, (ii) the acceptance of the Stage I Securities, and payment for them hereunder, and (iii) any termination of this Agreement.

11. Defaulting Initial Purchaser. If, on the Closing Date, any one of the Initial Purchasers shall fail or refuse to purchase Stage I Securities that it or they have agreed to purchase hereunder on such date, and the aggregate principal amount of Stage I Securities which such defaulting Initial Purchaser agreed but failed or refused to purchase is not more than one tenth of the aggregate principal amount of Stage I Securities to be purchased on such date, the other Initial Purchasers shall be obligated severally in the proportions that the principal amount of Stage I Securities set forth opposite their respective names in Schedule I hereto bears to the aggregate principal amount of Stage I Securities set forth opposite the names of all such non-defaulting Initial Purchasers to purchase the Stage I Securities which such defaulting Initial Purchaser agreed but failed or refused to purchase on such date. If, on the Closing Date any Initial Purchaser shall fail or refuse to purchase Stage I Securities which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of Stage I Securities with respect to which such default occurs is more than one tenth of the aggregate principal amount of Stage I Securities to be purchased on such date, and arrangements satisfactory to the non-defaulting Initial Purchasers and Kratos for the purchase of such Stage I Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchasers or of the Issuers or any Guarantor. Any action taken under this Section shall not relieve any defaulting Initial Purchaser from liability in respect of any default of such Initial Purchaser under this Agreement.

12. No Fiduciary Relationship. The Issuers and the Guarantors hereby acknowledge that each Initial Purchaser is acting solely as initial purchaser in connection with the purchase and sale of the Stage I Securities. The Issuers and the Guarantors further acknowledge that each Initial Purchaser is acting pursuant to a contractual relationship created solely by this Agreement

entered into on an arm's length basis, and in no event do the parties intend that the Initial Purchasers act or be responsible as a fiduciary to either the Issuers, the Guarantors or their respective management, stockholders or creditors or any other person in connection with any activity that the Initial Purchasers may undertake or have undertaken in furtherance of the purchase and sale of the Stage I Securities, either before or after the date hereof. The Initial Purchasers hereby expressly disclaim any fiduciary or similar obligations to either the Issuers or the Guarantors, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Issuers and the Guarantors hereby confirm their understanding and agreement to that effect. The Issuers, the Guarantors and the Initial Purchasers agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Initial Purchasers to the Issuers and the Guarantors regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Securities, do not constitute advice or recommendations to the Issuers and the Guarantors. The Issuers and the Guarantors hereby waive and release, to the fullest permitted by law, any claims that either the Issuers or the Guarantors may have against the Initial Purchasers with respect to any breach or alleged breach of any fiduciary or similar duty to the Issuers or the Guarantors in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

13. Information Supplied by Initial Purchasers. Each of the Issuers and the Guarantors hereby acknowledges that, for purposes of Section 4(c) and Section 8, the only information that the Initial Purchasers have furnished to Kratos specifically for use in the Preliminary Offering Memorandum or the Final Offering Memorandum are the statements set forth in (a) the first sentence of the sixth paragraph and (b) the first sentence of the eighth paragraph under the caption "Plan of Distribution" in the Preliminary Offering Memorandum and the Final Offering Memorandum.

14. Miscellaneous.

(a) *Notices*. Notices given pursuant to any provision of this Agreement shall be addressed as follows: (i) if to the Issuers, to:

Kratos Defense & Security Solutions, Inc.
4820 Eastgate Mall
San Diego, CA 92121
Tel: (858) 812-7300
Fax: (858) 812-7301
Attention: Deanna Lund

with a copy to:

Paul, Hastings, Janofsky & Walker LLP
4747 Executive Drive, 12th Floor
San Diego, CA 92121
Tel: (858) 458-3000
Fax: (858) 458-3005
Attention: Deyan Spiridonov

and (ii) if to the Initial Purchasers, to:

Jefferies & Company, Inc.
520 Madison Avenue
New York, NY 10022
Attention: General Counsel

and

KeyBanc Capital Markets Inc.
127 Public Square
Cleveland, OH 44114
Attention: General Counsel

Oppenheimer & Co. Inc.
300 Madison Avenue
New York, NY 10017
Attention: General Counsel

(or in any case to such other address as the person to be notified may have requested in writing).

(b) *Beneficiaries.* This Agreement has been and is made solely for the benefit of and shall be binding upon the Issuers, the Guarantors, the Initial Purchasers and to the extent provided in Section 8 hereof, the controlling persons, affiliates, officers, directors, partners, employees, representatives and agents referred to in Section 8 hereof and their respective heirs, executors, administrators, successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Stage I Securities from the Initial Purchasers merely because of such purchase. Notwithstanding the foregoing, it is expressly understood and agreed that each purchaser who purchases Stage I Securities from the Initial Purchasers is intended to be a beneficiary of the covenants of the Issuers and the Guarantors contained in the Registration Rights Agreement to the same extent as if the Stage I Securities were sold and those covenants were made directly to such purchaser by the Issuers and the Guarantors, and each such purchaser shall have the right to take action against the Issuers and the Guarantors to enforce, and obtain damages for any breach of, those covenants.

(c) *Governing Law; Jurisdiction; Waiver of Jury Trial; Venue*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. Each of the Issuers and the Guarantors hereby expressly and irrevocably (i) submits to the non-exclusive jurisdiction of the federal and state courts sitting in the Borough of Manhattan in the City of New York in any suit or proceeding arising out of or relating to this Agreement or the Transactions, and (ii) waives (a) its right to a trial by jury in any legal action or proceeding relating to this Agreement, the Transactions or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Initial

Purchasers and for any counterclaim related to any of the foregoing and (b) any obligation which it may have or hereafter may have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum.

(d) *Entire Agreement; Counterparts*. This Agreement, together with the Engagement Letter, constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Notwithstanding the foregoing or anything else contained in this Agreement (other than the last sentence of this paragraph) to the contrary, nothing contained in this Agreement shall be deemed to (except as otherwise provided in this paragraph) amend, modify or impair or otherwise affect the rights and obligations (including in the case of the Commitment Parties (as such term is defined in the Commitment Letter as herein defined), the Commitments (as such term is defined in the Commitment Letter)) of any of the parties under the Commitment Letter dated February 7, 2011 among Kratos, on the one hand, and Jefferies Group, Inc., Key Capital Corporation and OPY Credit Corp., on the other hand (the "Commitment Letter") or any other Debt Financing Letter (as defined therein), in any manner whatsoever. In the event (A) (i) any of the conditions set forth in Section 7 of this Agreement are not satisfied or waived by the Initial Purchasers on March 25, 2011 or (ii) the Initial Purchasers would have the right to terminate this Agreement in accordance with Section 9 of this Agreement but (B) the Commitment Parties would not have the right to terminate their Commitments under the Commitment Letter and the conditions to the obligations of the Commitment Parties to purchase Notes (as defined therein) under Section 3 of the Commitment Letter have been satisfied by such date, then each of the Initial Purchasers (severally and not jointly) agrees that it shall (i) honor the obligation of its or its affiliate that is a Commitment Party under the Commitment Letter to purchase the Stage I Notes or (ii) shall cause such affiliate to enter into a joinder and amendment to this Agreement such that such affiliate shall become a party hereto and this Agreement shall be amended in a manner consistent with the terms set forth under the caption "Purchase Agreement" in Exhibit A to the Commitment Letter to modify the representations and warranties, conditions and termination rights as provided for under such caption (and the parties hereto agree to negotiate such amendment in good faith); provided, that in no event shall the failure to agree upon such joinder and amendment be an excuse for the Commitment Parties to fail to fund the Commitments on March 25, 2011 provided that Kratos has in fact satisfied the conditions set forth in Section 3 of the Commitment Letter (including those set forth in Exhibit B to the Commitment Letter (after giving effect to the waivers set forth in the proviso to the immediately succeeding sentence)); it being acknowledged that the Commitment Parties shall have the right to exercise their market flex rights under Section 2 of the Fee Letter (as defined in the Commitment Letter). The parties hereto acknowledge and agree that the conditions set forth in paragraphs (i) 5 (provided that the condition set forth in Section 7(e) hereof has been satisfied), (ii) 6, (iii) 13, (iv) 14 (subject to the Issuers' continued compliance with Section 5(d) hereof) and (v) 15 (to the extent that such

paragraph 15 relates to the delivery of a comfort letter and a "bring down" comfort letter from Plante & Moran, PLLC) of Exhibit B to the Commitment Letter are waived as of the date of this Agreement; provided that, in the case of clauses (ii), (iii), (iv) and (v) above, such limited waiver is effective only until 5:00 p.m. EDT on March 25, 2011, at which time such limited waiver with respect to such clauses will expire and such conditions will be reinstated and in full force and effect. Notwithstanding anything contained in this Agreement to the contrary, if (i) the Stage I Notes are purchased hereunder on the Closing Date or (ii) (A) by March 24, 2011, a majority of the outstanding shares of the common stock of Herley have been validly tendered (on a fully-diluted basis) and not withdrawn and Acquisition Co. is legally obligated under the Merger Agreement to purchase such shares and (B) no later than 1:00 p.m. EDT on March 25, 2011, the Initial Purchasers or such affiliates, as applicable, are ready and willing to purchase all of the Stage I Notes and the Stage I Issuer refuses to issue the Stage I Notes by such time, then, in the case of each of clauses (i) and (ii), all of the Commitments shall be terminated.

(e) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(f) *Separability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(g) *Amendment*. This Agreement may be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may be given, provided that the same are in writing and signed by all of the signatories hereto.

(h) *Agreement Among Initial Purchasers*. Any action by the Initial Purchasers hereunder may be taken by Jefferies on behalf of the Initial Purchasers, and any such action taken by Jefferies shall be binding upon each of the Initial Purchasers.

(i) *Escrow Condition*. Notwithstanding anything to the contrary in this Agreement, if the Escrow Condition does not exist on the Closing Date, the Stage I Issuer will not be required to deposit the Required Escrow Deposit in the Escrow Account and the representations, warranties, covenants and conditions herein related to the Required Escrow Deposit, the Escrow Account and the Escrow Agreement shall be given no force or effect

(j) *Representations and Warranties Regarding Herley*. Notwithstanding anything to the contrary in this Agreement, each representation and warranty (except to the extent such

representation and warranty is already modified with a knowledge qualifier) made or to be made with respect to Herley or any of its subsidiaries shall be deemed to have been made or will be made to the knowledge, after due inquiry, of Kratos to the extent such representation and warranty is applicable to Herley or such subsidiary.

Please confirm that the foregoing correctly sets forth the agreement between the Issuers, the Guarantors and the Initial Purchasers.

Very truly yours,

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

ACQUISITION CO. LANZA PARENT

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

LANZA ACQUISITION CO.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

AI METRIX, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

AIRORLITE COMMUNICATIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

CHARLESTON MARINE CONTAINERS INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DALLASTOWN REALTY I, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Gichner Holdings, Inc., sole member of Dallastown Realty I, LLC

DALLASTOWN REALTY II, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Dallastown Realty I, LLC, sole member of Dallastown Realty II, LLC

DEFENSE SYSTEMS, INCORPORATED

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DEI SERVICES CORPORATION

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DIGITAL FUSION SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DIGITAL FUSION, INC.

By: /s/ Deanna H. Lund

Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DIVERSIFIED SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

DTI ASSOCIATES, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

GICHNER HOLDINGS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

GICHNER SYSTEMS INTERNATIONAL, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

GICHNER SYSTEMS GROUP, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HAVERSTICK CONSULTING, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HAVERSTICK GOVERNMENT SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a Delaware corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a Colorado corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a Virginia corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a New Jersey corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, INC.,
a California corporation

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

HENRY BROS. ELECTRONICS, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Henry Bros. Electronics, Inc., sole member of Henry Bros. Electronics, LLC

HGS HOLDINGS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

JMA ASSOCIATES, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS DEFENSE ENGINEERING SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS PUBLIC SAFETY & SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund

Title: Executive Vice President and Chief Financial Officer

KRATOS MID-ATLANTIC, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS SOUTHEAST, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS SOUTHWEST L.P.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Kratos Texas, Inc., General Partner of Kratos Southwest L.P.

KRATOS TEXAS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

MADISON RESEARCH CORPORATION

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

NATIONAL SAFE OF CALIFORNIA, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

POLEXIS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

REALITY BASED IT SERVICES, LTD.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

ROCKET SUPPORT SERVICES LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of HGS Holdings, Inc., sole managing member of Rocket Support Services LLC

SHADOW I, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SHADOW II, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SHADOW III, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

SCT ACQUISITION, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of Charlestown Marine Containers Inc., sole member of SCT Acquisition, LLC

SCT REAL ESTATE, LLC

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer of SCT Acquisition, LLC, sole member of SCT Real Estate, LLC

SUMMIT RESEARCH CORPORATION

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

KRATOS TECHNOLOGY & TRAINING SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President and Chief Financial Officer

WFI NMC CORP.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund

Title: Executive Vice President and Chief Financial Officer

Accepted and Agreed to:

JEFFERIES & COMPANY, INC.

By: /s/ Kevin Lockhart
Name: Kevin Lockhart
Title: Managing Director

KEYBANC CAPITAL MARKETS INC.

By: /s/ Eric N. Peither
Name: Eric N. Peither
Title: Managing Director

OPPENHEIMER & CO. INC.

By: /s/ Brian S. Perman
Name: Brian S. Perman
Title: Managing Director

Exhibit 10.2

EXECUTION COPY

SECURITY AGREEMENT

This SECURITY AGREEMENT (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is made as of the 25th day of March, 2011 by:

(a) ACQUISITION CO. LANZA PARENT, a Delaware corporation (the "Company");

(b) each Subsidiary, as hereinafter defined, that is listed on Exhibit A hereto, and any other Subsidiary that hereafter becomes a party hereto (such Subsidiaries, together with the Company, each, a "Grantor" and collectively, the "Grantors"), jointly and severally, in favor of;

(c) WILMINGTON TRUST FSB ("Wilmington"), as the collateral agent under the Indenture, as hereinafter defined (the "Collateral Agent"), for the benefit of the Secured Parties, as hereinafter defined.

1. Recitals.

WHEREAS, the Company and Wilmington, as Collateral Agent and as trustee (in such capacity, the "Trustee"), have entered into an Indenture, dated as of March 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Indenture"), pursuant to which the Company has issued 10% Senior Secured Notes due June 1, 2017 in a principal amount of $285,000,000 (and, together with any additional notes that may be issued by the Company from time to time thereunder or exchanged therefor or for such additional notes, the "Notes");

WHEREAS**,** each Subsidiary of the Company, other than Herley and its Subsidiaries, which are not required to become a party hereto until the fifteenth (15th) business day following the Herley Acquisition, is required under the Indenture to (a) become a party to the Indenture and deliver a Guarantee to guarantee the payment of the Notes and the other Obligations of the Company thereunder and the other Indenture Documents to which the Company is a party and (b) become a party hereto as a Grantor and secure its Obligations under the Indenture, such Guarantee and the other Indenture Documents to which it is a party pursuant to the terms hereof;

WHEREAS, the Company desires to secure its Obligations under the Notes, the Indenture and each other Indenture Document to which it becomes a party and each other Grantor that becomes a party hereto desires to secure its Guarantee, the Indenture and each other Indenture Document to which it becomes a party by granting to Collateral Agent, for the benefit of itself, the Trustee and the Secured Parties, security interests in the Collateral as set forth herein; and

WHEREAS, to induce the Initial Purchasers to severally purchase the Notes, each Holder to hold the Notes to be held by it and Wilmington to act in its capacities as Trustee and Collateral Agent, each Grantor desires to pledge, grant, transfer, and assign to Collateral Agent, for the benefit of itself, the Holders and the Trustee, a security interest in the Collateral to secure the Obligations, as provided herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and each intending to be bound hereby, Collateral Agent and each Grantor agree as follows:

2. Definitions. Except as specifically defined herein, (a) capitalized terms used herein that are defined in the Indenture shall have their respective meanings ascribed to them in the Indenture, and (b) unless otherwise defined in the Indenture, terms that are defined in the U.C.C. are used herein as so defined. As used in this Agreement, the following terms shall have the following meanings:

"Account" means an account, as that term is defined in the U.C.C.

"Account Debtor" means any Person obligated to pay all or any part of any Account in any manner and includes (without limitation) any guarantor thereof or other accommodation party therefor.

"Additional Documents" is defined in Section 5.1(b).

"Agreement" has the meaning set forth in the preamble hereto.

"Assigned Government Contract" means all Government Contracts that (a) are for an amount in excess of Five Hundred Thousand Dollars ($500,000) or, (b) pursuant to the terms of Section 12 hereof, are required to be subject to an Instrument of Assignment and Notice of Assignment of Claims.

"Books" means, with respect to each Grantor, all of such Grantor's now owned or hereafter acquired books and records (including all of its Records indicating, summarizing, or evidencing its assets (including the Collateral) or liabilities, all of such Grantor's Records relating to its business operations or financial condition, and all of its goods or General Intangibles related to such information).

"Cash Collateral Account" means a commercial Deposit Account designated "cash collateral account" and maintained by one or more Grantors with a depository institution acceptable to the Collateral Agent, from which the Collateral Agent shall have the exclusive right to withdraw funds until all of the Obligations are paid in full.

"Cash Security" means all cash, instruments, Deposit Accounts, and other cash equivalents, whether matured or unmatured, whether collected or in the process of collection, upon which a Grantor presently has or may hereafter have any claim, wherever located, including but not limited to any of the foregoing that are presently or may hereafter be existing or maintained with, issued by, drawn upon, or in the possession of the Collateral Agent or any Secured Party.

"Collateral" means

(a) with respect to each Grantor, all of such Grantor's now owned or hereafter acquired right, title, and interest in and to each of the following:

(i) personal property,

(ii) Accounts, Investment Property, instruments, contract rights, chattel paper, documents, supporting obligations, letter-of-credit rights, Pledged Securities, Pledged Notes (if any), Government Contracts, Commercial Tort Claims, General Intangibles, Inventory and Equipment,

(iii) funds now or hereafter on deposit in one or more Cash Collateral Accounts, if any, and

(iv) Cash Security; and

(b) Proceeds of any of the foregoing. Notwithstanding the foregoing and for the avoidance of doubt, the term "Collateral" shall in no event include the Excluded Assets.

"Commercial Tort Claim" means a commercial tort claim, as that term is defined in the U.C.C.

"Commercial Tort Claim Assignment" is defined in Section 16.

"Control Agreement" means, with respect to the applicable Grantor, a control agreement executed and delivered by such Grantor, the Collateral Agent, and the applicable securities intermediary (with respect to a Securities Account of such Grantor) or bank (with respect to a Deposit Account of such Grantor).

"Default Rate" has the meaning provided in Section 4.01 of the Indenture.

"Defeasance" means, with respect to any obligation, the defeasance thereof pursuant to a Legal Defeasance or Covenant Defeasance as described under Section 8.01 of the Indenture.

"Deposit Account" means a deposit account, as that term is defined in the U.C.C.

"Designated Number" shall mean, with respect to any Issuer that is (1) a Domestic Subsidiary of a Grantor, all of the Capital Stock of such Issuer held by such Grantor and (2) a Foreign Subsidiary of a Grantor, with respect to its Capital Stock that is (x) not Voting Stock, all of such Capital Stock of such Issuer held by such Grantor and (y) Voting Stock, the largest whole number of shares or units, as the case may be, of Voting Stock of such Issuer held by such Grantor representing not greater than sixty- five percent (65%) of all of the fully diluted issued and outstanding Voting Stock of such Issuer (whether or not owned by such Grantor)

"Equipment" means equipment, as that term is defined in the U.C.C.

"Event of Default" means an event or condition that constitutes an Event of Default, as defined in the Indenture.

"Excluded Assets" means:

(1) vehicles and other items covered by certificates of title or ownership to the extent that a security interest cannot be perfected solely by filing a UCC-1 financing statement (or similar instrument);

(2) leasehold interests in real property with respect to which the Company or any Guarantor is a tenant or subtenant;

(3) any asset or property right of any nature if the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of such asset or property right or the loss of use of such asset or property right or (B) a breach, termination or default under any lease, license, contract or agreement, other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity, to which the Company or Guarantor is party;

(4) any asset or property right of any nature to the extent that any applicable law or regulation prohibits the creation of a security interest thereon (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity);

(5) any applications for trademarks or service marks filed in the United States Patent and Trademark Office (the "PTO") pursuant to 15 U.S.C. §1051 Section 1(b) unless and until evidence of use of the mark in interstate commerce is submitted to the PTO pursuant to 15 U.S.C. §1051 Section 1(c) or Section 1(d);

(6) the voting Capital Stock of any Foreign Subsidiary in excess of 65% of all of the outstanding voting Capital Stock of such Foreign Subsidiary;

(7) property and assets owned by the Company or any Guarantor that are the subject of Permitted Liens described in clause (6) or (7) of the definition thereof for so long as such Permitted Liens are in effect and the Indebtedness secured thereby otherwise prohibits any other Liens thereon;

(8) any Capital Stock or other securities of the Company's Subsidiaries to the extent that the pledge of such securities results in the Company being required to file separate financial statements of such Subsidiary with the SEC, but only to the extent necessary for the Company not to be subject to such

requirement and only for so long as such requirement is in existence; *provided* that neither the Company nor any of its Subsidiaries shall take any action in the form of a reorganization, merger or other restructuring a principal purpose of which is to provide for the release of the Lien on any securities pursuant to this clause;

(9) any Herley Shares until the consummation of the Herley Acquisition; and

(10) (i) deposit and securities accounts the balance of which consists exclusively of (a) withheld income Taxes and federal, state or local employment taxes in such amounts as are required to be paid to the Internal Revenue Service or state or local government agencies within

the following two months with respect to employees of the Company or any of the Guarantors, and (b) amounts required to be paid over to an employee benefit plan pursuant to U.S. Department of Labor ("DOL") Reg. Sec. 2510.3-102 on behalf of or for the benefit of employees of the Company or any Guarantor, and (ii) all segregated deposit accounts constituting (and the balance of which consists solely of funds set aside in connection with) tax accounts, and trust accounts.

"Excluded Capital Stock" means Capital Stock described in clause (6), (8) or (9) of the definition of Excluded Assets.

"Future Rights" is defined in Section 3.2 hereto.

"General Intangibles" means (a) general intangibles, as that term is defined in the U.C.C.; and (b) choses in action, causes of action, Intellectual Property, customer lists, corporate or other business records, inventions, designs, patents, patent applications, service marks, registrations, trade names, trademarks, copyrights, licenses, goodwill, computer software, rights to indemnification and tax refunds.

"Government Contract" means an agreement, a contract or a license to which any Grantor and the United States or any of its departments, agencies or instrumentalities is party.

"Insolvency or Liquidation Proceeding" means (a) any voluntary or involuntary case or proceeding under Title 11 of the United States Code and any similar Federal, state or foreign law for the relief of debtors with respect to any Person, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Person or with respect to any of their respective assets, (c) any liquidation, dissolution, reorganization or winding up of any Person whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (d) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Person.

"Instrument of Assignment" means an Instrument of Assignment, in the form of the attached Exhibit B.

"Intellectual Property" means, with respect to each Grantor, collectively, all of such Grantor's existing and future right, title and interest in, to and under (a) industrial designs, patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications, service marks, trade names, and copyright registrations and other intellectual property or registrations, whether federal, state or foreign, including, but not limited to, those that are registered or pending as listed on Schedule 4.11 hereto (as such Schedule 4.11 may from time to time be amended, supplemented or otherwise modified); (b) common law trademark rights, rights in trade dress, publicity, works of authorship and other unregistered copyrightable material, improvements, and proprietary and confidential information, including, without limitation, personal, financial, and other sensitive data, plans, know-how, processes, formulae, algorithms and inventions; (c) renewals, continuations, extensions, reissues and divisions of any of the foregoing; (d) rights to sue for past, present and future infringements or any other commercial tort claims relating to any of the foregoing; (e) all licenses and all income, revenue

and royalties with respect to any licenses, whether registered or unregistered and all other payments earned under contract rights relating to any of the foregoing; (f) all general intangibles and all intangible intellectual or similar property of such Grantor connected with and symbolized by any of the foregoing; (g) goodwill associated with any of the foregoing; and (h) all payments under insurance, including the returned premium upon any cancellation of insurance (whether or not the Collateral Agent or any Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing.

"Intellectual Property Security Agreement" means an intellectual property security agreement executed and delivered by the applicable Grantor and the Collateral Agent, substantially in the form of Exhibit F hereto or such other documents or instruments as may be permitted pursuant to Section 16 thereof.

"Inventory" means inventory, as that term is defined in the U.C.C.

"Investment Property" means investment property, as that term is defined in the U.C.C., unless the Uniform Commercial Code as in effect in another jurisdiction would govern the perfection and priority of a security interest in investment property, and, in such case, "investment property" shall be defined in accordance with the law of that jurisdiction as in effect from time to time.

"Issuer" shall mean, with respect to each Grantor, each of the Persons identified on the attached Exhibit E (or any addendum or supplement thereto) as an Issuer, and any successors thereto, whether by merger or otherwise

"ITU Application" shall mean a trademark application filed with the USPTO pursuant to 15 U.S.C. § 1051(b).

"Notes" is defined in the first paragraph of the recitals hereto.

"Notice of Assignment of Claims" means a Notice of Assignment of Claims, in the form of the attached Exhibit C.

"Obligations" means all debts, principal, interest (including any interest that, but for the commencement of an Insolvency or Liquidation Proceeding, would have accrued), default interest, premiums, liabilities (including all amounts owed by any Grantor pursuant hereto), obligations (including

indemnification obligations), fees, charges, costs, reasonable expenses (including any expenses that, but for the commencement of an Insolvency Proceeding, would have accrued), guaranties, covenants, and duties of any kind and description owing by any Grantor to the Collateral Agent or any other Secured Party pursuant to or evidenced by the Indenture Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all reasonable expenses that any Grantor is required to pay or reimburse by the Indenture Documents, by law, or otherwise. Any reference in this Agreement to the Obligations shall include all extensions, modifications, renewals or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

"Pledged Interest" means, with respect to each Issuer, the Designated Number of shares of Capital Stock identified on the attached Exhibit E as Pledged Interests of such Issuer with respect to the Grantor that is a holder of the Capital Stock of such Issuer (or any addendum or supplement thereto);

"Pledged Notes" means the promissory notes payable to one or more Grantors, as described on Exhibit G hereto, if any, and any additional or future note that may hereafter from time to time be payable to one or more Grantors.

"Pledged Securities" means (i) the Pledged Interests and any Future Rights, (ii) any additional Pledged Interests and Future Rights acquired pursuant to Section 3.2 (whether by purchase, dividend, merger, consolidation, sale of assets, split, spin-off, or any other dividend or distribution of any kind or otherwise), (iii) all distributions, dividends, cash, certificates, liquidation rights and interests, options, rights, warrants, instruments or other property from time to time received, receivable or otherwise distributed in respect of or in exchange or substitution for any and all of the Pledged Interests and Future Rights (excluding any of the foregoing items in the preceding clause with respect to an Issuer to the extent and only to the extent that their inclusion would cause (i) the number of shares or units, as the case may be, of Capital Stock pledged under this Agreement to exceed, with respect to such Issuer, the Designated Number or (ii) such Pledged Interests or Future Rights to constitute Excluded Capital Stock, in each case, after giving effect to such issuances), and (iv) such Grantor's right to vote the Pledged Interests and Future Rights.

"Proceeds" means (a) proceeds, as defined in the U.C.C., and any other proceeds, and (b) whatever is received upon the sale, exchange, collection or other disposition of Collateral or proceeds, whether cash or non-cash. Cash proceeds include, without limitation, moneys, checks, and Deposit Accounts. Proceeds include, without limitation, any Account arising when the right to payment is earned under a contract right, any insurance payable by reason of loss or damage to the Collateral, and any return or unearned premium upon any cancellation of insurance. Except as expressly authorized in this Agreement, the right of the Collateral Agent and the Secured Parties to Proceeds specifically set forth herein, or indicated in any financing statement, shall never constitute an express or implied authorization on the part of the Collateral Agent or any Secured Party to a Grantor's sale, exchange, collection, or other disposition of any or all of the Collateral.

"Record" means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

"Required Holders" means with respect to any action or direction, the percentage of Secured Parties required pursuant to the Indenture to take such action or authorize such action or direction.

"Secured Party" refers to each of the Holders, the Trustee and the Collateral Agent.

"Securities Account" means a securities account, as that term is defined in the U.C.C.

"Security Agreement Joinder" means a Security Agreement Joinder, substantially in the form of the attached Exhibit D, executed and delivered to the Collateral Agent by a Subsidiary for the purpose of adding an additional Grantor as a party to this Agreement.

"Trademark Act" shall mean the U.S. Trademark Act of 1946, as amended.

"Trustee" is defined in the first paragraph of the recitals hereto.

"U.C.C." means the Uniform Commercial Code, as in effect from time to time in the State of New York.

"U.C.C. Financing Statement" means a financing statement filed or to be filed in accordance with the Uniform Commercial Code, as in effect from time to time in the relevant state or states.

3. Security Interest.

3.1 Grant of Security Interest. (i) In consideration of and as security for the full and complete payment of all of the Obligations, each Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in all of such Grantor's Collateral. Each Grantor and the Collateral Agent hereby acknowledge and agree that, with respect to any ITU Application included within the Collateral, to the extent such an ITU Application would, under the Trademark Act, be deemed to be transferred in violation of 15 U.S.C. § 1060(a) as a result of the security interest granted herein, or otherwise invalidated or made unenforceable as a result of the execution or performance of this Agreement, no security interest shall be deemed to have been granted in such ITU Application (notwithstanding the provisions of this Agreement or any other Indenture Document) until such time as the circumstances that would give rise to such violation, invalidation or unenforceability no longer exist.

(ii) If any Pledged Securities are evidenced by certificates, then the Grantor of such Pledged Securities shall concurrently herewith deposit with the Collateral Agent, for the benefit of itself and the other Secured Parties, the Pledged Securities owned by such Grantor on the date hereof and the certificates representing the Pledged Securities endorsed in blank by such Grantor or accompanied by undated stock powers or instruments of transfer, in each case, duly executed in blank by such Grantor. For the avoidance of doubt, if any certificate or instrument representing any Collateral also represents any Capital Stock that constitutes an Excluded Asset described in clause 6, 8 or 9 of the definition thereof, the Lien created hereunder shall only attach to the Capital Stock evidenced thereby to the extent such Capital Stock does not constitute an Excluded Asset described in clause 6, 8 or 9 of the definition thereof.

(iii) Whether or not any Pledged Securities are evidenced by certificates, the Grantor of such Pledged Securities shall, and hereby authorizes the Collateral Agent to, file a U.C.C. Financing Statement naming such Grantor as debtor and the Collateral Agent as secured party with respect to the Pledged Securities in the applicable filing office and in such form and containing such substance as may be necessary to perfect the security interest of the Pledged Securities Agent in the Collateral by the filing of a U.C.C. Financing Statement; provided, however, that no such authorization shall obligate the Collateral Agent to make any such filing.

Notwithstanding anything to the contrary contained in this Agreement, the Collateral Agent shall not as a result of this Agreement be responsible or liable for any obligations or liabilities of such Grantor in such Grantor's capacity as a holder of any Capital Stock of any Issuer, and the Collateral Agent shall not be deemed to have assumed any of such obligations or liabilities.

3.2 Subsequently Acquired Pledged Securities . (i) If at any time or from time to time after the date hereof during the term of this Agreement, any Grantor shall acquire any additional Pledged Securities, including any further stock, or equity in each Issuer (whether by purchase, dividend, merger, consolidation, sale of assets, split, spin-off, or any other dividend or distribution of any kind or otherwise) (collectively, the "Future Rights") (provided, however, that Future Rights under this clause shall exclude any Future Rights to the extent and only to the extent that (x) their inclusion would cause the number of shares or units, as the case may be, of Capital Stock pledged hereunder to exceed the Designated Number or (y) such Future Rights would constitute Excluded Capital Stock, in each case, after giving effect to the issuance of such Future Rights and any related issuances).

(ii) Such Grantor will forthwith pledge and, if applicable, deposit such additional Pledged Securities with the Collateral Agent, for the benefit of itself and, the other Secured Parties and deliver to the Collateral Agent, for the benefit of itself and the other Secured Parties, certificates or instruments therefor, endorsed in blank by such Grantor or accompanied by undated stock powers or instruments of transfer, in each case, duly executed in blank by such Grantor, and will promptly thereafter deliver to the Collateral Agent, for the benefit of itself and the other Secured Parties, a certificate (which shall be deemed to supplement the attached Exhibit E hereto with respect to such Grantor) executed by such Grantor describing such Pledged Securities and the other Pledged Securities pledged to the Collateral Agent, and certifying that the same have been duly pledged with the Collateral Agent hereunder. For the avoidance of doubt, if any certificate or instrument representing any such additional Pledged Securities also represents any Capital Stock that constitutes an Excluded Asset described in clause 6, 8 or 9 of the definition thereof, the Lien created hereunder shall only attach to the Capital Stock evidenced thereby to the extent such Capital Stock does not constitute an Excluded Asset described in clause 6, 8 or 9 of the definition thereof.

(iii) Whether or not such additional Pledged Securities are evidenced by certificates, such Grantor shall, and hereby authorizes the Collateral Agent to, file a U.C.C. Financing Statement naming such Grantor as debtor and the Collateral Agent as secured party with respect to the additional Collateral in the applicable filing office and in such form and containing such substance as may be necessary to perfect the security interest of the Collateral Agent in the additional Pledged Securities by the filing of a U.C.C. Financing Statement; provided, however, that no such authorization shall obligate the Collateral Agent to make any such filing.

3.3 Uncertificated Pledged Securities. In addition to anything contained in Sections 3.1 and 3.2 hereof, if any Collateral (whether now owned or hereafter acquired) are not certificated or becomes an uncertificated security, the applicable Grantor shall promptly notify the Collateral Agent in writing thereof and shall promptly take all actions required to perfect or improve the perfection of the security interest and pledge in favor of the Collateral Agent under applicable law (including, in any event, any action required or appropriate under this Agreement or the U.C.C.). Such Grantor further agrees to take such actions as may be necessary to permit the Collateral Agent to exercise any of its rights and remedies hereunder.

3.4 Voting, etc. Until the occurrence and continuance of an Event of Default, each Grantor shall be entitled to vote any and all of the Pledged Securities; provided; however, that no vote shall be cast or any action taken by such Grantor with respect to any Pledged Securities which would violate or be materially inconsistent with any of the terms of this Agreement, the Indenture, any other Indenture Document, or which would have the effect of materially impairing the position or interests of the Collateral Agent or which would authorize or effect actions prohibited under the terms of the Indenture or any Indenture Document. All such rights of such Grantor to vote any Pledged Securities shall cease upon the occurrence and during the continuance of an Event of Default, if the Collateral Agent so directs and provides notice to such Grantor to do so; provided, however, that upon the cure or waiver of such Event of Default, all rights of the Collateral Agent to vote any and all of the Pledged Securities shall cease.

3.5 Payments and Other Distributions. Until the occurrence and continuance of an Event of Default, all cash, dividends or distributions payable in respect of the Pledged Securities (to the extent such payments shall be permitted pursuant to the terms and provisions of the Indenture) shall be paid to the applicable Grantor; provided, however, upon the occurrence and during the continuance of an Event of Default, all cash dividends or distributions payable in respect of the Pledged Securities shall be paid to the Collateral Agent as security for the Obligations if the Collateral Agent so directs and provides notice to such Grantor to that effect; provided, further that upon the cure or waiver of such Event of Default, all cash dividends or distributions payable in respect of the Pledged Securities shall be paid to such Grantor. The Collateral Agent shall be entitled to receive directly, and to retain as part of the Pledged Securities:

(a) all other or additional securities or investment property, or rights to subscribe for or purchase any of the foregoing, or property (other than cash) paid or distributed by way of dividend in respect of the Pledged Securities (excluding any of the foregoing items in the preceding clause with respect to an Issuer to the extent and only to the extent that their inclusion would cause (i) the number of shares or units, as the case may be, of such other or additional securities or Investment Property pledged hereunder to exceed the Designated Number or (ii) such Pledged Securities to constitute Excluded Capital Stock, in each case, after giving effect to such issuances); and

(b) all other or additional securities, investment property or property (including cash) paid or distributed in respect of the Pledged Securities by way of split, spin-off, split-up, reclassification, combination of shares or similar rearrangement (excluding any of the foregoing items in the preceding clause with respect to an Issuer to the extent and only to the extent that their inclusion would cause (i) the number of shares or units, as the case may be, of Capital Stock pledged hereunder to exceed the Designated Number or (ii) such other or additional securities or investment property to constitute Excluded Capital Stock, in each case, after giving effect to such issuances).

If at any time any Grantor shall obtain or possess any of the foregoing Pledged Securities described in this Section, such Grantor shall be deemed to hold such Pledged Securities in trust

for the Collateral Agent for the benefit of the Collateral Agent and the other Secured Parties, and such Grantor shall promptly surrender and deliver such Pledged Securities to the Collateral Agent.4. Representations and Warranties. All representations and warranties made by the Company with respect to each Grantor and contained in the Indenture are incorporated herein by reference and each Grantor hereby makes such continuing representations and warranties on its own behalf. Each Grantor hereby further represents and warrants to the Collateral Agent and each Secured Party as follows:

4.1. Such Grantor is duly organized or formed, as applicable, validly existing and in good standing under the laws of its state of incorporation or formation, as applicable, and is duly qualified to do business in each state in which a failure to so qualify would have a material adverse effect on such Grantor.

4.2. Such Grantor has the power, authority and legal right to pledge the Collateral of such Grantor, to execute and deliver this Agreement, and to perform and observe the provisions hereof. The officers or members/managers acting on such Grantor's behalf have been duly authorized to execute and deliver this Agreement. This Agreement is valid and binding upon such Grantor in accordance with the terms hereof.

4.3. Neither the execution and delivery of this Agreement, nor the performance and observance of the provisions hereof, by such Grantor will conflict with, or constitute a violation or default under, any provision of any applicable law or of any contract (including, without limitation, such Grantor's organizational documents or of any other writing binding upon such Grantor in any manner.

4.4. Each Grantor's state of organization or formation, as applicable, is set forth on Schedule 4.4 to this Agreement. No Grantor has changed its name during the last five years and no Grantor has conducted business under a trade or assumed name. Each Grantor's chief executive office is set forth on Schedule 4.4 to this Agreement. Each Grantor has places of business or maintains Collateral at the locations set forth on Schedule 4.4 to this Agreement.

4.5. At the execution and delivery hereof, except as permitted pursuant to the Indenture, (a) there is no U.C.C. Financing Statement outstanding covering the Collateral, or any part thereof; (b) none of the Collateral is subject to any security interest or Lien of any kind; (c) the Internal Revenue Service has not alleged the nonpayment or underpayment of any tax by any Grantor or threatened to make any assessment in respect thereof; (d) upon execution of this Agreement and the filing of the U.C.C. Financing Statements in connection herewith, the Collateral Agent will have, for the benefit of the Secured Parties, a valid and enforceable first security interest in the Collateral (to the extent perfection can be accomplished by such filing or action) that is the type in which a security interest may be created under the U.C.C. by the execution of a security agreement and perfected by the filing of a U.C.C. Financing Statement (other than commercial tort claims); and (e) no Grantor has entered into any contract or agreement that would prohibit the Collateral Agent from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of such Grantor.

4.6. Such Grantor is the legal record and beneficial owner of, and has good and marketable title to, the Pledged Securities such Grantor purports to own, and such Pledged

Securities are not subject to any pledge, lien, mortgage, hypothecation, security interest, charge, option, warrant or other encumbrance whatsoever, nor to any agreement purporting to grant to any third party a security interest in the property or assets of such Grantor that would include such Pledged Securities, except as permitted pursuant to the Indenture.

4.7. All of the Pledged Securities have been duly authorized and validly issued, and are fully paid and non-assessable.

4.8. The Pledged Securities are, as of the date hereof, and shall be at all times during the term of this Agreement, freely transferrable without restriction or limitation (except as limited by the terms of this Agreement). If the Pledged Securities are "restricted securities" within the meaning of Rule 144, or any amendment thereof, promulgated under the Securities Act of 1933, as amended, as determined by counsel for such Grantor, such Grantor further represents and warrants that, as of the date hereof, (a) such Grantor has been the beneficial owner of the Pledged Securities for a period of at least one year prior to the date hereof, (b) the full purchase price or other consideration for the Pledged Securities has been paid or given at least one year prior to the date hereof, and (c) such Grantor does not have a short position in or any put or other option to dispose of any securities of the same class as the Pledged Securities or any other securities convertible into securities of such class; provided that Herley and its subsidiaries were acquired on the date hereof pursuant to the Merger Agreement.

4.9. At the execution and delivery hereof, Schedule 4.9 to this Agreement sets forth a true, correct and complete list of all Assigned Government Contracts in effect. All such Assigned Government Contracts, together with any updates, are in full force and effect and no defaults currently exist thereunder (other than as described in Schedule 4.9 to this Agreement or in such updates). Except as set forth in Schedule 4.9 to this Agreement, no Assigned Government Contract (a) contains any provision restricting assignments of sums due thereunder to the Collateral Agent, or (c) has been assigned to any other Person pursuant to the Assignment of Claims Act of 1940.

4.10. Each Pledged Note constitutes a valid obligation of the maker thereof, and is enforceable according to its tenor and free from any defense or offset of any kind. No default has occurred under any Pledged Note. Each Grantor has a valid, duly perfected security interest in and lien on all of the property that serves to secure its Pledged Notes. No Grantor has any obligations to make any further or additional loans or advances to, or purchases of securities from, any maker with respect to any of the Pledged Notes of such Grantor. No Pledged Note of any Grantor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person.

4.11. Each Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to its Intellectual Property, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by such Grantor not to sue third Persons, except as permitted by the Indenture. Each Grantor owns all of its Intellectual Property and, whether the

same are registered or unregistered, no such Intellectual Property has been adjudged invalid or unenforceable. No Grantor has knowledge of any claim that (i) the use of any of its Intellectual Property or the operation of its business does or may violate the rights of any Person, (ii)

challenges the Grantor's rights to, or the validity of, any of the Intellectual Property, nor, to the knowledge of the Grantor, is there any basis for either such claim. Each Grantor has used, and shall continue to use, for the duration of this Agreement, proper statutory notice in connection with its use of its Intellectual Property, except where the failure to do so will not have a material adverse effect on such Grantor, and has taken all necessary and otherwise reasonable measures to maintain such Intellectual Property, including the prompt filing of all documents with applicable authorities and the timely payment of all applicable fees. Schedule 4.11 hereto sets forth all federally registered patents, trademarks, copyrights, service marks and license agreements, if any, owned by the Company or any Subsidiary as of the date hereof.

4.12. Each Grantor has received consideration that is the reasonably equivalent value of the obligations and liabilities that such Grantor has incurred to the Secured Parties. Excluding intercompany liabilities, no Grantor is insolvent, as defined in any applicable state or federal statute, nor will any Grantor be rendered insolvent by the execution and delivery of this Agreement to the Collateral Agent or any other documents executed and delivered to the Collateral Agent or the Secured Parties in connection herewith. No Grantor has engaged, nor is any Grantor about to engage, in any business or transaction for which the assets retained by it are or will be an unreasonably small amount of capital, taking into consideration the obligations to the Secured Parties incurred hereunder. No Grantor intends to, nor does any Grantor believe that it will, incur debts beyond its ability to pay such debts as they mature.

5. Covenants

5.1 Filing of Financing Statements; Delivery of Additional Documentation Required. (a) Each Grantor hereby authorizes the Collateral Agent to file U.C.C. Financing Statements necessary or desirable to effectuate the transactions contemplated by the Indenture Documents, and any continuation statement or amendment with respect thereto, including an "all assets" financing statement, in any appropriate filing office; *provided*, *however*, that no such authorization shall obligate the Collateral Agent to make any such filing.

(b) Each Grantor shall prepare, execute and deliver to, and if applicable, file, any and all financing statements, original financing statements in lieu of continuation statements, amendments to financing statements, fixture filings, security agreements, pledges, assignments, Commercial Tort Claim Assignments, endorsements of certificates of title, and all other documents (collectively, the "Additional Documents") as may be necessary to create, perfect, and continue the perfection of or to improve the priority the Collateral Agent's Liens in the Collateral of such Grantor (whether now owned or hereafter arising or acquired or tangible or intangible), or to fully consummate all of the transactions contemplated hereby and under the other Indenture Documents. Not in limitation but in furtherance of the foregoing, the Company shall comply with its obligations in the immediately preceding sentence as such obligations relate to the preparation and filing by it of a U.C.C. Financing Statement, together with any applicable filing fees, within 10 days of the date hereof in the applicable filing office, and following the filing thereof shall provide the Collateral Agent with evidence of the same. To the maximum extent permitted by applicable law, such Grantor authorizes the Collateral Agent to execute any such Additional Documents in such Grantor's name and authorizes the Collateral Agent to file such executed Additional Documents in any appropriate filing office; *provided*, *however*, that no such authorization shall obligate the Collateral Agent to take any such action.

In addition, no less frequently than annually, each Grantor shall (i) provide the Collateral Agent with a report of all new material patents, patent applications, trademarks, trademark applications, copyrights or copyright applications acquired or generated by such Grantor during the prior period and (ii) cause to be prepared, executed, and delivered to the Collateral Agent supplemental schedules to the applicable Collateral Agreements to identify such patents, copyrights, and trademarks as being subject to the security interests created thereunder; *provided*, *however*, that no Grantor shall register or apply to register with (A) the United States Copyright Office any unregistered copyrights (whether in existence on the Issue Date or thereafter acquired, arising, or developed) unless within 30 days of any such registration or application for registration, such Grantor executes and delivers to the Collateral Agent and files with the United States Copyright Office an Intellectual Property Security Agreement, supplemental schedules to any existing Intellectual Property Security Agreement, or such other documentation as may be necessary in order to perfect and continue the perfection of or protect the Collateral Agent's Liens on such copyrights following such registration or (B) the United States Patent and Trademark Office any unregistered patents or trademarks (whether in existence on the Issue Date or thereafter acquired, arising, or developed) unless within 30 days of any such registration or application for registration, the applicable Person executes and delivers to the Collateral Agent and files with the United States Patent and Trademark Office an Intellectual Property Security Agreement, supplemental schedules to any existing Intellectual Property Security Agreement, or such other documentation as may be necessary in order to perfect and continue the perfection of or protect the Collateral Agent's Liens on such patents or trademarks following such registration. If the Collateral Agent does not receive an updated report from the Grantors, the Collateral Agent may assume that no further intellectual property was created or is in the need of updating and the Collateral Agent need not undertake an investigation into any such issues.

5.2 Insurance. Each Grantor covenants and agrees that such Grantor shall, at such Grantor's expense, maintain insurance respecting its assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks and in such amounts as ordinarily are insured against by other Persons engaged in the same or similar businesses. Such Grantor also shall maintain business interruption, public liability, and product liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation. Such Grantor shall deliver copies of all such policies or certificates of insurance evidencing the same to the Collateral Agent with an endorsement naming the Collateral Agent as loss payee (under a satisfactory lender's loss payable endorsement) or additional insured, as appropriate. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 30 days prior written notice to the Collateral Agent in the event of cancellation of any such policy for any reason whatsoever;

5.3 Location of Inventory and Equipment. Each Grantor covenants and agrees that such Grantor shall keep such Grantor's Inventory and Equipment only at the locations identified on Schedule 4.4 and its chief executive offices only at the locations identified on Schedule 4.4; provided, however, that such Grantor may amend Schedule 4.4 so long as such amendment occurs by prompt written notice to the Collateral Agent, and so long as such new location is within the continental United States or Canada.

5.4 Property Acquired Subsequent to the Closing Date and Right to Take Additional Collateral. Each Grantor shall provide the Collateral Agent with prompt written

notice with respect to any real or personal property (other than in the ordinary course of business and excluding Accounts, Inventory, Equipment and General Intangibles and other property acquired in the ordinary course of business or any Investment Property that constitutes securities of a Foreign Subsidiary not required to be pledged pursuant to this Agreement) acquired by any Grantor subsequent to the date hereof. In addition to any other right that the Collateral Agent and the Secured Parties may have pursuant to this Agreement or otherwise, the Company shall, and shall cause each Grantor to, grant to the Collateral Agent, for the benefit of the Secured Parties, as additional security for the Obligations, a first Lien on any real or personal property of the Company and each Grantor (other than Excluded Assets). Each Grantor agrees to secure, within twenty (20) days after the date of such acquisition, all of the Obligations by delivering to the Collateral Agent, as applicable, security agreements, intellectual property security agreements, pledge agreements, mortgages (or deeds of trust, if applicable) or other documents, instruments or agreements with respect to any of the Grantors. The Company shall perform and pay all recordation, legal and other expenses in connection therewith.

5.5 Deposit Accounts and Securities Accounts. (a) No later than sixty (60) days after the Issue Date, the Company shall have delivered to the Collateral Agent an executed Control Agreement, for each Deposit Account maintained by a Grantor; provided that the Company shall not be required to deliver a Control Agreement with respect to any of the Deposit Accounts referenced in the next sentence, so long as the Company is in compliance with this sentence. No later than one hundred (100) days after the Issue Date, the Company shall have closed the Deposit Accounts designated as Deposit Accounts to be closed in Schedule 5.5 hereto.

(b) Subject to Sections 5.5(a) and 10(c), each Grantor covenants and agrees that such Grantor will not maintain, on or after the Issue Date, any Deposit Account or Securities Account having an average closing balance in excess of (i) $100,000, individually, or (ii) $500,000, in the aggregate, in each case, for any five consecutive Business Day period unless such Grantor and the applicable securities intermediary or bank shall have entered into a Control Agreement governing such Deposit Account or Securities Account, as the case may be, in order to perfect or improve the priority of the Collateral Agent's Liens therein. Each Grantor agrees that it will take all commercially reasonable steps in order for the Collateral Agent to obtain control in accordance with Sections 8-106, 9-104, 9-105, 9-106, and 9-107 of the U.C.C. with respect to all of its Securities Accounts, Deposit Accounts, electronic chattel paper, Investment Property, and letter-of-credit rights (other than Deposit Accounts and Securities Accounts having an average closing balance in excess of (i) $100,000, individually, or (ii) $500,000, in the aggregate, in each case, for any five consecutive Business Day period). Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may notify any bank or securities intermediary subject to a Control Agreement to liquidate the applicable Deposit Account or Securities Account or any related Investment Property maintained or held thereby and remit the proceeds thereof to the Collateral Agent.

5.6 Right to Inspect. The Collateral Agent (through any of its officers, employees, or agents) shall have the right (but not the obligation) no more frequently than annually (unless an Event of Default is outstanding) to inspect the Books of any Grantor and make copies or abstracts thereof and to check, test, and appraise the Collateral, or any portion thereof, in order to verify each Grantor's financial condition or the amount, quality, value, condition of, or any other matter relating to, the Collateral at such reasonable times as the Collateral Agent may designate, and so long as no Default or Event of Default has occurred and is continuing, with reasonable prior notice.

6. Corporate Names and Location of Collateral. No Grantor shall (a) change its name, or (b) change its jurisdiction or form of organization or extend or continue its existence in or to any other jurisdiction (other than its jurisdiction of organization at the date of this Agreement) unless such Grantor shall have provided the Collateral Agent with any and all Additional Documents necessary to maintain the perfection of the Collateral Agent's Liens on the Collateral. Each Grantor shall also provide the Collateral Agent with prior written notification of (i) any new locations where any of the Inventory or Equipment of such Grantor is to be maintained; (ii) the location of any new places of business or the changing or closing of any of its existing places of business; and (iii) any change in such Grantor's chief executive office. In the event of any of the foregoing the Grantor shall, and the Collateral Agent is hereby authorized to file new U.C.C. Financing Statements describing the Collateral and otherwise in form and substance sufficient for recordation wherever necessary, to perfect or continue perfected the security interest of the Collateral Agent, for the benefit of the Secured Parties, in the Collateral, *provided, however*, that no such authorization shall obligate the Collateral Agent to make any such filing. Grantors shall pay all filing and recording fees and taxes in connection with the filing or recordation of such U.C.C. Financing Statements and shall immediately reimburse the Collateral Agent therefor if the Collateral Agent pays the same. Such amounts not so paid or reimbursed shall be expenses secured by the Lien of this Agreement on the Collateral.

7. Notice. Grantors shall give the Collateral Agent prompt written notice if any Event of Default shall occur hereunder or if the Internal Revenue Service shall allege the nonpayment or underpayment of any tax by any Grantor or threaten to make any assessment in respect thereof.

8. Financial Records. Each Grantor shall (a) maintain at all times true and complete financial records and books of accounts in accordance with generally accepted accounting principles consistently applied and, without limiting the generality of the foregoing, prepare authentic invoices for all of the Accounts of such Grantor; (b) render to the Collateral Agent, forthwith upon each request of the Collateral Agent, such financial statements of such Grantor's financial condition and operations, including but not limited to such Grantor's tax returns, and such reports of the Accounts of such Grantor, as the Collateral Agent may from time to time request; and (c) during the continuance of an Event of Default, forward to the Collateral Agent, upon request of the Collateral Agent, whenever made, (i) invoices, sales journals or other documents satisfactory to the Collateral Agent, as the case may be, that summarize the Accounts of such Grantor, certified by an officer of such Grantor, (ii) within the time specified by the Collateral Agent, an aging report of the Accounts of such Grantor then outstanding setting forth, in such form and detail and with such representations and warranties as the Collateral Agent may from time to time require, the unpaid balances of all invoices billed respectively during that period and during each of the three next preceding periods, and certified by an officer of such Grantor, and (iii) with respect to the Inventory and any other Collateral of such Grantor, such reports and other documents that are satisfactory to the Collateral Agent.

9. Transfers, Liens and Modifications Regarding Collateral. No Grantor shall, except to the extent not prohibited under the Indenture, sell, assign, transfer or otherwise dispose of, or

grant any option with respect to, or create, incur, or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance with respect to any of such Grantor's Collateral, or any interest therein, or Proceeds, except for (i) the lien and security interest provided for by this Agreement, (ii) any security agreement securing only the Collateral Agent, for the benefit of the Secured Parties, (iii) Permitted Liens, and (iv) liens over any Herley Shares until after the full and complete consummation of the Herley Acquisition.

10. Collateral. Each Grantor shall:

(a) at all reasonable times during the continuance of an Event of Default, allow the Collateral Agent by or through any of its officers, agents, employees, attorneys or accountants to (i) examine, inspect and make extracts from such Grantor's Books, including, without limitation, the tax returns of such Grantor, (ii) arrange for verification of such Grantor's Accounts, under reasonable procedures, directly with Account Debtors of such Grantor or by other methods, (iii) examine and inspect such Grantor's Inventory and Equipment, wherever located, and (iv) conduct appraisals of such Grantor's Inventory;

(b) promptly furnish to the Collateral Agent, upon written request, (i) additional statements and information with respect to such Grantor's Collateral, and all writings and information relating to or evidencing any of such Grantor's Accounts (including, without limitation, computer printouts or typewritten reports listing the mailing addresses of all present Account Debtors of such Grantor), and (ii) any other writings and information as the Collateral Agent may request;

(c) promptly notify the Collateral Agent in writing upon the creation by any Grantor of a Deposit Account or Securities Account not listed on Schedule 5.5 to this Agreement, and, within thirty (30) days after the creation of such Deposit Account or Securities Account, provide for the execution of a Control Agreement with respect thereto, if required by Section 5.5 provided that (i) no Deposit Account Control Agreement shall be required with respect to any Deposit Accounts of a Credit Party solely used to fund California payroll, (ii) all Deposit Accounts (other than as set forth in subpart (i) hereof or Section 5.5 hereof) of the Grantors shall be maintained with KeyBank National Association, and (iii) with respect to any Securities Account opened by a Grantor within sixty (60) days after the Closing Date, such Credit Party shall have thirty (30) days after the opening of such Securities Account to deliver a Securities Account Control Agreement with respect thereto;

(d) promptly notify the Collateral Agent in writing whenever the Inventory of a Grantor, valued in excess (on an aggregate basis for all such Inventory of all Credit Parties at such location) of Five Hundred Thousand Dollars ($500,000), is located at a location of a third party (other than a Grantor that is not listed on Schedule 4.4 hereto and, except where such Inventory is located at a location of the United States government, cause to be executed and delivered to the Collateral Agent contemporaneously with any landlord's waiver, bailee's waiver, processor's waiver or similar document or notice that may be executed and delivered to the Collateral Agent;

(e) promptly notify the Collateral Agent in writing of any information that such Grantor has or may receive with respect to such Grantor's Collateral that might reasonably be determined to materially and adversely affect the value thereof or the rights of the Collateral Agent and the other Secured Parties with respect thereto;

(f) maintain such Grantor's (i) Equipment in good operating condition and repair, ordinary wear and tear excepted, making all necessary replacements thereof so that the value and operating efficiency thereof shall at all times be maintained and preserved, (ii) finished goods Inventory in saleable condition, and (iii) other items of Collateral, taken as an entirety, in such conditions as is consistent with generally accepted business practices, ordinary wear and tear excepted;

(g) deliver to the Collateral Agent, to hold as security for the Obligations all certificated Investment Property (other than Pledged Securities) that does not constitute Excluded Assets owned by such Grantor, in suitable form for transfer by delivery, or accompanied by duly executed instruments of transfer or assignment in blank, or in the event such Investment Property is in the possession of a Securities Intermediary or credited to a Securities Account, execute with the related Securities Intermediary a Securities Account Control Agreement over such Securities Account in favor of the Collateral Agent, for the benefit of the Secured Parties;

(h) upon request of the Collateral Agent, promptly take such action and promptly make, execute, and deliver all such additional and further items, deeds, assurances, instruments and any other writings as the Collateral Agent may from time to time deem necessary or appropriate, including, without limitation, chattel paper, to carry into effect the intention of this Agreement, or so as to completely vest in and ensure to the Collateral Agent and the Secured Parties their respective rights hereunder and in or to the Collateral.

11. Grantors' Obligations with Respect to Intellectual Property.

(a) No Grantor shall sell or assign its interest in, or, except as permitted in the Indenture, grant any license or sublicense with respect to, any Intellectual Property of such Grantor. Any attempted sale or license is null and void. No Grantor shall use the Intellectual Property of such Grantor in any manner that would jeopardize the validity or legal status thereof. Each Grantor shall comply with all patent marking requirements as specified in 35 U.S.C. § 287. Each Grantor shall further conform its usage of any trademarks to standard trademark usage, including, but not limited to, using the trademark symbols ®, ™, and SM where appropriate.

(b) Except as excused pursuant to the Indenture, each Grantor shall have the duty to prosecute diligently any patent, trademark, servicemark or copyright application pending as of the date of this Agreement or thereafter until this Agreement shall have been terminated, to file and prosecute opposition and cancellation proceedings and to do any and all acts that are necessary or desirable to preserve and maintain all rights in the Intellectual Property of such Grantor, including, but not limited to, payment of any maintenance fees. Any expenses incurred in connection with the Intellectual Property of Grantors shall be borne by Grantors. Grantors shall not abandon any Intellectual Property, unless the Grantor otherwise determines in its reasonable business judgment, that it no longer benefits from maintaining such Intellectual Property.

12. Grantors' Obligations with Respect to Assigned Government Contracts. Each Grantor shall, within a commercially reasonable time period, notify the Collateral Agent in writing whenever a new Assigned Government Contract comes into existence, and deliver to the Collateral Agent (a) an executed Instrument of Assignment, and (b) an executed Notice of Assignment of Claims. With respect to any Government Contract that is not already subject to an Instrument of Assignment and a Notice of Assignment of Claim, upon the occurrence of an Event of Default, each Grantor shall promptly execute and deliver to the Collateral Agent (i) an Instrument of Assignment, and (ii) a Notice of Assignment of Claim. The Collateral Agent is hereby authorized to file, with the appropriate Governmental Authority, all Instruments of Assignment and Notices of Assignment of Claim required to be delivered to the Collateral Agent under the terms of this Agreement.

13. Collections and Receipt of Proceeds by Grantors.

Prior to exercise by the Collateral Agent of its rights under this Agreement, both (i) the lawful collection and enforcement of all of the Accounts of each Grantor, and (ii) the lawful receipt and retention by a Grantor of all Proceeds of all of the Accounts and Inventory of such Grantor shall be as the agent of the Collateral Agent for the benefit of the Secured Parties.

14. Collections and Receipt of Proceeds by the Collateral Agent. During the continuance of an Event of Default, the Collateral Agent shall, at all times, have the right, but not the duty, to collect and enforce any or all of the Accounts of Grantors as the Collateral Agent may deem advisable and, if the Collateral Agent shall at any time or times elect to do so in whole or in part, the Collateral Agent shall not be liable to any Grantor except for its own willful misconduct or gross negligence, if any. Each Grantor hereby constitutes and appoints the Collateral Agent, or the Collateral Agent's designated agent, as such Grantor's attorney-in-fact to exercise, at any time, all or any of the following powers which, being coupled with an interest, shall be irrevocable until the Obligations are paid and performed in full (other than contingent indemnification obligations) or the Defeasance thereof shall have been consummated:

(a) to receive, retain, acquire, take, endorse, assign, deliver, accept and deposit, in the name of the Collateral Agent or any Grantor, any and all of such Grantor's cash, instruments, chattel paper, documents, Proceeds of Accounts, Proceeds of Inventory, collection of Accounts, and any other writings relating to any of the Collateral. Each Grantor hereby waives presentment, demand, notice of dishonor, protest, notice of protest and any and all other similar notices with respect thereto, regardless of the form of any endorsement thereof. Neither the Collateral Agent nor any Secured Party shall be bound or obligated to take any action to preserve any rights therein against prior parties thereto;

(b) to transmit to Account Debtors of such Grantors, on any or all of the Accounts of such Grantor, notice of assignment to the Collateral Agent, for the benefit of the Secured Parties, thereof and the security interest of the Collateral Agent, for the benefit of the Secured Parties, and to request from such Account Debtors at any time, in the name of the Collateral Agent or such Grantor, information concerning the Accounts of such Grantor and the amounts owing thereon;

(c) to transmit to purchasers of any or all of the Inventory of such Grantor, notice of the security interest of the Collateral Agent, for the benefit of the Secured Parties, and to request from such purchasers at any time, in the name of the Collateral Agent or such Grantor, information concerning the Inventory of such Grantor and the amounts owing thereon by such purchasers;

(d) to notify and require Account Debtors on the Accounts of such Grantor and purchasers of the Inventory of such Grantor to make payment of their indebtedness directly to the Collateral Agent, for the benefit of the Secured Parties;

(e) to enter into or assent to such amendment, compromise, extension, release or other modification of any kind of, or substitution for, the Accounts of such Grantor, or any thereof, as the Collateral Agent, at its election (or at the direction of the Required Holders), may deem to be advisable;

(f) to enforce the Accounts of such Grantor or any thereof, or any other Collateral of such Grantor, by suit or otherwise, to maintain any such suit or other proceeding in the name of the Collateral Agent and to withdraw any such suit or other proceeding. Each Grantor agrees to lend every assistance requested by the Collateral Agent in respect of the foregoing, all at no cost or expense to the Collateral Agent or the Secured Parties and including, without limitation, the furnishing of such witnesses and of such records and other writings as the Collateral Agent may require in connection with making legal proof of any Account of such Grantor. Each Grantor agrees to reimburse the Collateral Agent and the Secured Parties in full for all court costs and attorneys' fees and every other cost, expense or liability, if any, incurred or paid by the Collateral Agent or the Secured Parties in connection with the foregoing, which obligation of such Grantor shall constitute Obligations, shall be secured by the Collateral and shall bear interest, until paid, at the Default Rate; and

(g) to accept all collections in any form relating to the Collateral, including remittances that may reflect deductions, and to deposit the same, into a Cash Collateral Account or, at the option of the Collateral Agent (at its election (or at the direction of the Required Holders), to apply them as a payment on the Obligations.

15. Collateral Agent's Authority Under Pledged Notes. For the better protection of the Collateral Agent and the Secured Parties hereunder, each Grantor has executed (or will execute, with respect to future Pledged Notes) an appropriate endorsement on (or separate from) each Pledged Note of such Grantor and has deposited (or will deposit, with respect to future Pledged Notes) such Pledged Note with the Collateral Agent, for the benefit of the Secured Parties. Each Grantor irrevocably authorizes and empowers the Collateral Agent, for the benefit of the Secured Parties, during the continuance of an Event of Default, to (a) ask for, demand, collect and receive all payments of principal of and interest on the Pledged Notes of such Grantor; (b) compromise and settle any dispute arising in respect of the foregoing; (c) execute and deliver vouchers, receipts and acquittances in full discharge of the foregoing; (d) exercise, in the Collateral Agent's discretion, any right, power or privilege granted to the holder of any Pledged Note of such Grantor by the provisions thereof including, without limitation, the right to demand security or to waive any default thereunder; (e) endorse such Grantor's name to each check or other writing received by the Collateral Agent as a payment or other proceeds of or

otherwise in connection with any Pledged Note of such Grantor; (f) enforce delivery and payment of the principal and/or interest on the Pledged Notes of such Grantor, in each case by suit or otherwise as the Collateral Agent may desire; (g) enforce the security, if any, for the Pledged Notes of such Grantor by instituting foreclosure proceedings, by conducting public or other sales or otherwise, and to take all other steps as the Collateral Agent, in its discretion, may deem advisable in connection with the forgoing; provided, however, that nothing contained or implied herein or elsewhere shall obligate the Collateral Agent

to institute any action, suit or proceeding or to make or do any other act or thing contemplated by this Section 16 or prohibit the Collateral Agent from settling, withdrawing or dismissing any action, suit or proceeding or require the Collateral Agent to preserve any other right of any kind in respect of the Pledged Notes and the security, if any, therefor.

16. Commercial Tort Claims. If any Grantor acquires any commercial tort claims after the date hereof for a claim which reasonably could be expected to exceed $1,000,000, such Grantor shall promptly (but in any event within 5 Business Days after such acquisition) (i) deliver to the Collateral Agent a written description of such commercial tort claim, (ii) execute and deliver a supplement to this Agreement, pursuant to which such Grantor shall grant a perfected security interest in all of its right, title and interest in and to such commercial tort claim to the Collateral Agent, as security for the Obligations (a "Commercial Tort Claim Assignment") and (iii) not in limitation but in furtherance of Section 5.1, file a financing statement or amendment to a previously filed and effective financial statement describing such commercial tort claim with sufficient particularity to the extent necessary to perfect the Collateral Agent's Lien therein.

17. Use of Inventory and Equipment. Until the exercise by the Collateral Agent of its rights under this Agreement, each Grantor may (a) retain possession of and use the Inventory and Equipment of such Grantor in any lawful manner not inconsistent with this Agreement or with the terms, conditions, or provisions of any policy of insurance thereon; (b) sell or lease its Inventory in the ordinary course of business; and (c) use and consume raw materials or supplies, the use and consumption of which are necessary in order to carry on such Grantor's business.

18. Authorization and Appointments.

(a) Each Grantor hereby irrevocably authorizes and appoints the Company to take all such actions, and exercise all such powers, as are granted to, or contemplated to be taken by, the Company pursuant to the Indenture.

(b) Each Grantor hereby agrees to, and hereby ratifies, all authorizations and appointments granted by such Grantor to the Collateral Agent, or contemplated to be given to the Collateral Agent by such Grantor, under the terms of the Indenture.

19. Default and Remedies.

19.1. The occurrence of an Event of Default, as defined in the Indenture, shall constitute an Event of Default.

19.2. The Collateral Agent and the Secured Parties shall at all times have the rights and remedies of a secured party under the U.C.C. as in effect from time to time, in addition

to the rights and remedies of a secured party provided elsewhere within this Agreement, in any other related document executed by any Grantor or otherwise provided in law or equity. Upon the occurrence of an Event of Default and at all times thereafter, the Collateral Agent (at its election (or at the direction of the Required Holders)) may require each Grantor to assemble such Grantor's Collateral, which each Grantor agrees to do, and make it available to the Collateral Agent at a reasonably convenient place to be designated by the Collateral Agent. The Collateral Agent (at its election (or at the direction of the Required Holders)) may, with or without notice to or demand upon any Grantor and with or without the aid of legal process, make use of such force as may be necessary to enter any premises where the Collateral, or any part thereof, may be found and to take possession thereof (including anything found in or on the Collateral that is not specifically described in this Agreement, each of which findings shall be considered to be an accession to and a part of the Collateral) and for that purpose (at its election (or at the direction of the Required Holders)) may pursue the Collateral wherever the same may be found, without liability for trespass or damage caused thereby to a Grantor. After any delivery or taking of possession of the Collateral, or any thereof, pursuant to this Agreement, then, with or without resort to any Grantor or any other Person or property, all of which each Grantor hereby waives, and upon such terms and in such manner as the Collateral Agent may deem advisable, the Collateral Agent (at its election (or at the direction of the Required Holders)) may sell, assign, transfer and deliver any of the Collateral at any time, or from time to time. No prior notice need be given to any Grantor or to any other Person in the case of any sale of Collateral that the Collateral Agent determines to be perishable or to be declining speedily in value or that is customarily sold in any recognized market, but in any other case the Collateral Agent shall give Grantors no fewer than ten days prior notice of either the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition thereof is to be made. Each Grantor waives advertisement of any such sale and (except to the extent specifically required by the preceding sentence) waives notice of any kind in respect of any such sale. At any such public sale, the Collateral Agent or any Secured Party may purchase the Collateral, or any part thereof, free from any right of redemption, all of which rights each Grantor hereby waives and releases. After deducting all related expenses, and after paying all claims, if any, secured by liens having precedence over this Agreement, the Collateral Agent may apply the net proceeds of each such sale to or toward the payment of the Obligations, whether or not then due, in such order and by such division as the Collateral Agent (at its election (or at the direction of the Required Holders)) may deem advisable. Any excess, to the extent permitted by law, shall be paid to such Grantor, and the obligors on the Obligations shall remain liable for any deficiency. In addition, during the continuance of an Event of Default, the Collateral Agent shall at all times have the right to obtain new appraisals of each Grantor or the Collateral, the cost of which shall be paid by such Grantor.

20. Maximum Liability of Each Grantor and Rights of Contribution. Anything in this Agreement or any other Loan Document to the contrary notwithstanding, in no event shall the amount of the Obligations secured by this Agreement by any Grantor exceed the maximum amount that (after giving effect to the incurring of the obligations hereunder and to any rights to contribution of such Grantor from other affiliates of the Company) would not render the rights to payment of the Collateral Agent and the Secured Parties hereunder void, voidable or avoidable under any applicable fraudulent transfer law. Grantors hereby agree as among themselves that, in connection with the payments made hereunder, each Grantor shall have a right of contribution from each other Grantor in accordance with applicable law. Such contribution rights shall be waived until such time as the Obligations have been irrevocably paid in full, and no Grantor shall exercise any such contribution rights until the Obligations have been irrevocably paid in full.

21. Reasonable Care by Collateral Agent. The Collateral Agent shall be deemed by each Grantor to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own similar property.

22. Indemnity. Without duplication of any amounts payable under any other similar indemnity provision set forth in the Indenture or any other Indenture Documents, each Grantor shall, jointly and severally: (i) pay all out-of-pocket costs and expenses of the Collateral Agent incurred in connection with the administration of and in connection with the preservation of rights under, and enforcement of, and any renegotiating or restructuring of this Agreement and any amendment, waiver or consent relating thereto (including, without limitation, the reasonable fees and disbursements of counsel for the Collateral Agent); (ii) pay and hold the Collateral Agent and the other Secured Parties harmless from and against any and all present and future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to this Agreement and save the Collateral Agent and the other Secured Parties harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay any such taxes, charges or levies; and (iii) indemnify the Collateral Agent and each of the other Secured Parties, and each of their respective officers, directors, shareholders, employees, representatives and agents from and hold each of them harmless against any and all costs, losses, liabilities, claims, obligations, suits, penalties, judgments, damages or expenses incurred by or asserted against any of them (whether or not any of them is designated a party thereto) arising out of or by reason of this Agreement or any transaction contemplated hereby (including, without limitation, any investigation, litigation or other proceeding related to this Agreement), including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding. Notwithstanding anything in this Agreement to the contrary, such Grantor shall not be responsible to the Collateral Agent or any other Secured Party for any costs, losses, damages, liabilities or expenses which result from the gross negligence or willful misconduct on the part of such Collateral Agent or any other Secured Party. Each Grantor's obligations under this Section shall survive any termination of this Agreement.

23. Waiver of Claims. Except as otherwise provided in this Agreement or prohibited by law, EACH GRANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR SALE OR THE COLLATERAL AGENT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH SUCH GRANTOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and each Grantor hereby further waives (and releases any cause of action and claim against the Collateral Agent as a result of), to the fullest extent permitted by law: (a) all damages occasioned by such taking of possession, collection or sale except any damages which are the direct result of the Collateral Agent's gross

negligence or willful misconduct; (b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; (c) demand of performance or other demand, notice of intent to demand or accelerate, notice of acceleration, presentment, protest, advertisement or notice of any kind to or upon such Grantor or any other person or entity; and (d) all rights of redemption, appraisement, valuation, diligence, stay, extension or moratorium now or hereafter in force under any applicable law in order to delay the enforcement of this Agreement.

24. Interpretation. Each right, power or privilege specified or referred to in this Agreement is cumulative and in addition to and not in limitation of any other rights, powers and privileges that the Collateral Agent may otherwise have or acquire by operation of law, by contract or otherwise. No course of dealing by the Collateral Agent in respect of, nor any omission or delay by the Collateral Agent in the exercise of, any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or of any other right, power or privilege, as the Collateral Agent may exercise each such right, power or privilege either independently or concurrently with others and as often and in such order as the Collateral Agent may deem expedient. No waiver, consent or other agreement shall be deemed to have been made by the Collateral Agent be binding upon the Collateral Agent in any case unless specifically granted by the Collateral Agent in writing, and each such writing shall be strictly construed. The captions to sections herein are inserted for convenience only and shall be ignored in interpreting the provisions of this Agreement.

25. Notice. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to a Grantor, mailed or delivered to it, addressed to it at the address specified on the signature page of this Agreement, if to the Collateral Agent, mailed or delivered to it, addressed to the address of the Collateral Agent specified on the signature pages hereof or, as to each party, at such other address as shall be designated by such party in a written notice to each of the other parties. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or two Business Days after being deposited in the mail with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from a Grantor to the Collateral Agent pursuant to any of the provisions hereof shall not be effective until received by the Collateral Agent.

26. Successors and Assigns. This Agreement shall be binding upon each Grantor and their respective successors and assigns and shall inure to the benefit of and be enforceable and exercisable by the Collateral Agent on behalf of and for the benefit of Secured Parties and their respective successors and assigns.

27. Severability. If, at any time, one or more provisions of this Agreement is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

28. Termination. At such time as the Obligations are paid and performed in full (other than contingent indemnification obligations) or the Defeasance thereof shall have been consummated, the Grantors shall have the right to terminate this Agreement. Upon written

request of Grantors, the Collateral Agent shall authorize the filing by the Grantors of appropriate termination statements, cancel all control agreements and return all physically pledged Collateral, and Grantors will indemnify the Collateral Agent in all respects for all costs incurred by the Collateral Agent in connection with such termination.

29. Entire Agreement. This Agreement integrates all of the terms and conditions with respect to the Collateral and supersedes all oral representations and negotiations and prior writings, if any, with respect to the subject matter hereof.

30. Headings; Execution. The headings and subheadings used herein are for convenience of reference only and shall be ignored in interpreting the provisions of this Agreement. This Agreement may be executed by facsimile signature, which, when so executed and delivered, shall be deemed to be an

original.

31. Additional Grantors. Additional Subsidiaries may become a party to this Agreement by the execution of a Security Agreement Joinder and delivery of such other supporting documentation, corporate governance and authorization documents, and an opinion of counsel, as required by Section 4.16 of the Indenture.

32. Governing Law; Submission to Jurisdiction. The provisions of this Agreement and the respective rights and duties of each Grantor, and the Collateral Agent hereunder shall be governed by and construed in accordance with New York law, without regard to principles of conflicts of laws. Each Grantor hereby irrevocably submits to the non-exclusive jurisdiction of any New York state or federal court sitting in New York county, New York, over any such action or proceeding arising out of or relating to this Agreement, any Indenture Document or any related document, and each Grantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York state or federal court. Each Grantor hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any such action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. Each Grantor agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

[Remainder of page intentionally left blank.]

JURY TRIAL WAIVER. EACH GRANTOR, TO THE EXTENT PERMITTED BY LAW, HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG GRANTORS, COMPANY, COLLATERAL AGENT AND THE SECURED PARTIES, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Security Agreement as of the date first written above.

Address: 4820 Eastgate Mall
San Diego, California 92121
Attention: Legal Department

ACQUISITION CO. LANZA PARENT

By: /s/ Deanna Lund
Name: Deanna Lund
Title: Executive Vice President & Chief Financial Officer

Address: 4820 Eastgate Mall
San Diego, California 92121
Attention: Legal Department

LANZA ACQUISITION CO.

By: /s/ Deanna Lund
Name: Deanna Lund
Title: Executive Vice President & Chief Financial Officer

Address: CCS-Corporate Capital Markets
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402-1544
Attention: Jane Schweiger
Facsimile No: (612) 217-5651

WILMINGTON TRUST FSB,
as Collateral Agent

By: /s/ Timothy P. Mowdy
Name: Timothy P. Mowdy
Title: Vice President

Exhibit 99.1

Press Contact:
Yolanda White
858-812-7302 Direct

Investor Information:
877-934-4687
investor@kratosdefense.com

FOR IMMEDIATE RELEASE

KRATOS DEFENSE & SECURITY SOLUTIONS, INC. COMPLETES CLOSING OF $285 MILLION OF SENIOR SECURED NOTES DUE 2017

EFFECTIVE INTEREST RATE ON NOTES 8.5%

NOTES ISSUED AT A PREMIUM OF 107%

SAN DIEGO, CA, March 25, 2011—Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS), a leading National Security Solutions provider, announced today that its wholly-owned subsidiary, Acquisition Co. Lanza Parent, closed its previously announced private offering to eligible purchasers of $285 million aggregate principal amount of its 10% Senior Secured Notes due 2017 (the "Notes"). The net proceeds from the offering of approximately $301 million, which includes an approximate $20 million of issuance premium,will be used, together with cash contributions from Kratos, to finance the acquisition of all of the outstanding shares of common stock of Herley Industries, Inc., to pay related fees and expenses and for general corporate purposes. As a result of the Notes being issued at a premium, the effective interest rate on the newly issued Notes is 8.5%.

The Notes were offered inside the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

The Notes have not been registered under the Securities Act, any other United States federal securities laws or the securities laws of any state and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS) is a specialized National Security business providing mission critical products, services and solutions for United States National Security priorities. Kratos' core capabilities are sophisticated engineering, manufacturing and system integration offerings for National Security platforms and programs. Kratos' areas of expertise include Command, Control, Communications, Computing, Combat Systems, Intelligence, Surveillance and Reconnaissance (C5ISR), unmanned systems, cyber warfare, cyber security, information assurance, critical infrastructure security and weapons systems sustainment. Kratos has primarily an engineering and technical oriented work force of approximately 2900, the majority of which hold an active National Security clearance, including Secret, Top Secret and higher. The vast majority of Kratos' work is performed on a military base, in a secure facility or at a critical infrastructure location. Kratos' primary end customers are United States Federal Government agencies, including the Department of Defense, classified agencies, intelligence agencies and Homeland Security related agencies. News and information are available at www.KratosDefense.com.