United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended November 30, 2008

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 1-9102

AMERON INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**77-0100596**
(State of Incorporation)	(I.R.S. Employer Identification No.)

245 South Los Robles Avenue
Pasadena, CA 91101-3638
(Address and Zip Code of principal executive offices)

Registrant's telephone number, including area code: (626) 683-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	**Name of each exchange on which registered**
Common Stock $2.50 par value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of voting and non-voting common equity held by non-affiliates was approximately $1,038 million on May 30, 2008, based upon the last reported sales price of such stock on the New York Stock Exchange on that date.

On January 23, 2009 there were 9,188,692 shares of Common Stock, $2.50 par value, outstanding. No other class of Common Stock exists.

DOCUMENTS INCORPORATED BY REFERENCE

1. PORTIONS OF AMERON'S PROXY STATEMENT FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS (PART III)

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

2008 ANNUAL REPORT ON FORM 10-K

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PART I

AMERON INTERNATIONAL CORPORATION, a Delaware corporation, and its consolidated subsidiaries are collectively referred to herein as "Ameron", the "Company", the "Registrant" or the "Corporation" unless the context clearly indicates otherwise. The business of the Company has been divided into business segments in Item 1(c)(1), herein. Substantially all activities relate to the manufacture of highly-engineered products for sale to the industrial, chemical, energy and construction markets. All references to "the year" or "the fiscal year" pertain to the 12 months ended November 30, 2008. All references to the "Proxy Statement" pertain to the Company's Proxy Statement to be filed on or about February 23, 2009 in connection with the 2009 Annual Meeting of Stockholders.

ITEM 1 - BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS.

Although the Company's antecedents date back to 1907, the Company evolved directly from the merger of two separate firms in 1929, resulting in the incorporation of American Concrete Pipe Company on April 22, 1929. Various name changes occurred between that time and 1942, at which time the Company's name became American Pipe and Construction Co. By the late 1960's the Company was almost exclusively engaged in manufacturing and had expanded its product lines to include not only concrete and steel pipe but also high-performance protective coatings, ready-mix concrete, aggregates and fiberglass pipe and fittings. At the beginning of 1970, the Company's name was changed to Ameron, Inc. In the meantime, other manufactured product lines were added, including concrete and steel poles for street and area lighting and steel poles for traffic signals. In 1996, the Company's name was changed to Ameron International Corporation. In 2006, the Company sold its Performance Coatings & Finishes business (“Coatings Business”). In 2006, the Company began manufacturing large, steel towers that are used with wind turbines for generating electricity.

(b) FINANCIAL INFORMATION AS TO INDUSTRY SEGMENTS.

Financial information on segments and joint ventures may be found in Notes (1), (6) and (18) of the Notes to Consolidated Financial Statements, under Part II, Item 8, herein.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

(1) For geographical and operational convenience, the Company is organized into divisions. These divisions are combined into groups serving various industry segments, as follows:

a) The Fiberglass-Composite Pipe Group develops, manufactures and markets filament-wound and molded fiberglass pipe and fittings. These products are used by a wide range of process industries, including industrial, petroleum, chemical processing and petrochemical industries, for service station piping systems, aboard marine vessels and offshore oil platforms, and are marketed as an alternative to metallic piping systems which ultimately fail under corrosive operating conditions. These products are marketed directly, as well as through manufacturers' representatives, distributors and licensees. Competition is based upon quality, price and service. Manufacture of these products is carried out in the Company's plant in Burkburnett, Texas, by its wholly-owned domestic subsidiary, Centron International Inc. ("Centron"), at its plant in Mineral Wells, Texas, by wholly-owned subsidiaries in the Netherlands, Brazil, Singapore and Malaysia, and by a joint venture in Saudi Arabia.

b) The Water Transmission Group supplies products and services used in the construction of water pipelines. Five pipe manufacturing plants are located in Arizona and California. Also included within this group is American Pipe & Construction International, a wholly-owned subsidiary, with two plants in Colombia, and Tubos Y Activos, a wholly-owned subsidiary, with a plant in Mexico. These plants manufacture concrete cylinder pipe, prestressed concrete cylinder pipe, steel pipe and reinforced concrete pipe for water transmission, storm and industrial waste water and sewage collection. Products are marketed directly using the Company's own personnel and by competitive bidding. Customers include local, state and federal agencies, developers and general contractors. Normally, no one customer or group of customers for the Company's water pipe products will account for sales equal to or greater than 10 percent of the Company's consolidated revenue. However, occasionally, when more than one unusually large project is in progress, combined sales to U.S., state or local government agencies and/or general contractors for those agencies can reach those proportions. Besides competing with several other welded-steel pipe and concrete pipe manufacturers located in the market area, alternative products such as ductile iron, plastic, and clay pipe compete with the Company's concrete and steel pipe products, but ordinarily these other materials do not offer the full diameter range produced by the Company. Principal methods of competition are price, delivery schedule and service. The Company's technology is used in the Middle East through affiliated companies. This segment also includes the manufacturing and marketing, on a worldwide basis directly and through manufacturers' representatives, of polyvinyl chloride and polyethylene sheet lining for the protection of concrete pipe and cast-in-place concrete structures from the corrosive effects of sewer gases, acids and industrial chemicals. Competition is based upon quality, price and service. Manufacture of this product is carried out in the Company's plant in California. Additionally, the Company manufactures large-diameter wind towers at one of its California plants for the U.S. wind-energy market. Wind towers are sold to wind turbine manufacturers based on price, quality and availability. In 2008, Siemens Power Generation, Inc. purchased $46.2 million of wind towers from the Company, which was approximately 70% of the Company's wind tower sales. Siemens Power Generation, Inc. is expected to continue to be the Company's principal customer for wind towers in 2009.

c) The Infrastructure Products Group supplies ready-mix concrete, crushed and sized basaltic aggregates, dune sand, concrete pipe and box culverts, primarily to the construction industry in Hawaii, and manufactures and markets concrete and steel poles for highway, street and outdoor area lighting and for traffic signals nationwide. Ample raw materials are available locally in Hawaii. As to rock products, the Company has exclusive rights to quarries containing many years' reserves. There is only one major source of supply for cement in Hawaii. Within the market area there are competitors for each of the segment's products. No single competitor offers the full range of products sold by the Company in Hawaii. An appreciable portion of the segment's business in Hawaii is obtained through competitive bidding. Sales of poles are nationwide, but with a stronger concentration in the western and southeastern U.S. Marketing of poles is handled by the Company's own sales force and by outside sales agents. Competition for poles is mainly based on price and quality, but with some consideration for service and delivery. Poles are manufactured in two plants in California, as well as in plants in Washington, Oklahoma and Alabama.

d) The Company has three significant partially-owned affiliated companies ("joint ventures"): Ameron Saudi Arabia, Ltd. ("ASAL"), Bondstrand, Ltd. ("BL") and TAMCO. ASAL, owned 30% by the Company, manufactures and sells concrete pressure pipe to customers in Saudi Arabia. BL, owned 40% by the Company, manufactures and sells glass reinforced epoxy pipe and fittings in Saudi Arabia. TAMCO, 50%-owned by the Company, operates a steel mini-mill in California that produces reinforcing bar sold into construction markets in the western U.S. ASAL is included in the Water Transmission Group, and BL is included in the Fiberglass-Composite Pipe Group. TAMCO is not included in the three operating groups.

e) Except as individually outlined in the above descriptions of industry segments, the following comments or situations currently apply to all segments and applied during the three years ended November 30, 2008:

(i) Raw material supplies are periodically constrained due to industry capacities. However, because of the number of manufacturing locations and the variety of raw materials essential to the business, no critical situations exist with respect to supply of materials. The Company has multiple sources for raw materials. The effects of increases in costs of energy are being mitigated to the extent practical through conservation and through addition or substitution of equipment to manage the use and reduce consumption of energy.

(ii) The Company owns certain patents and trademarks, both U.S. and foreign, related to its products. The Company licenses its patents, trademarks, know-how and technical assistance to several of its subsidiary and affiliated companies and to various third-party licensees. It licenses these proprietary items to some extent in the U.S., and to a greater degree abroad. These patents, trademarks, and licenses do not constitute a material portion of the Company's total business. No franchises or concessions exist.

(iii) Many of the Company's products are used in connection with capital goods, water and sewage transmission and construction of capital facilities. Favorable or adverse effects on general sales volume and earnings can result from weather conditions. Normally, sales volume and earnings will be lowest in the first fiscal quarter. Seasonal effects typically accelerate or slow the business volume and normally do not bring about severe changes in full-year activity.

(iv) With respect to working capital items, the Company does not encounter any requirements which are not common to other companies engaged in similar industries. No unusual amounts of inventory are required to meet seasonal delivery requirements. In 2008, all of the Company's industry segments turned inventory between four and six times annually. Average days' sales in accounts receivable ranged between 36 and 158 for all segments. Excluding the $24.7 million of unbilled receivables from the Water Transmission Group, the average days' sales ranged between 36 and 131 for all segments. Due to the percentage-of-completion method of accounting used by the Water Transmission Group, which is outlined in Item 7, herein, receivables of the Water Transmission Group may be outstanding longer than would be typical.

(v) The backlog of orders at November 30, 2008 and 2007 by industry segment is shown below. Approximately 97% of the November 30, 2008 backlog is expected to be converted to sales during 2009. The Water Transmission Group's backlog included $90.7 million of orders for large-diameter wind towers at November 30, 2008, compared to $33.7 million at the end of 2007. The increase reflects the timing of new orders and improved productivity at the Company's new wind tower facility. The backlog of concrete and steel pipe manufactured by the Water Transmission Group decreased $37.8 million during 2008 due to the sluggish pipe market in the western U.S. The Fiberglass-Composite Pipe Group's backlog increased $13.9 million with growing demand for marine, offshore platform and oilfield piping. The backlog decreased at Infrastructure Products Group due to a decline in construction markets.

SEGMENT	2008	2007
	(in thousands)	
Water Transmission Group	**$ 153,037**	$ 133,862
Fiberglass-Composite Pipe Group	**85,290**	71,391
Infrastructure Products Group	**26,904**	28,512
Total	**$ 265,231**	$ 233,765

(vi) Except for the sale of the Coatings Business and the introduction of wind towers, the Company believes there was no significant change in competitive conditions or the competitive position of the Company in the industries and localities in which it operates in recent years. The Company is not aware of any change in the competitive situation which would be material to an understanding of the business.

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(vii) Sales contracts in all of the Company's business segments normally consist of purchase orders, which in some cases are issued pursuant to master purchase agreements. Contracts seldom involve commitments of more than one year by the Company. In those instances when the Company commits to sell products under longer-term contracts, the Company will typically contractually arrange to fix a portion of the associated costs. Payment is normally due from 30 to 60 days after shipment, with progress payments prior to shipment in some circumstances. It is the Company's practice to require letters of credit prior to shipment of foreign orders, subject to limited exceptions. The Company does not typically extend long-term credit to purchasers of its products. For 2008, excluding the effect of unbilled receivables related to long-term construction contracts, trade receivables turned approximately four times.

(viii) A number of the Company's operations operate outside the U.S. and are affected by changes in foreign exchange rates. Sales, profits, assets and liabilities could be materially impacted by changes in foreign exchange rates. From time to time, the Company borrows in various currencies to reduce the level of net assets subject to changes in foreign exchange rates or purchases foreign exchange forward and option contracts to hedge firm commitments, such as receivables and payables, denominated in foreign currencies. The Company does not typically hedge forecasted sales or items subject to translation adjustments, such as intercompany transactions of a long-term investment nature.

(2) a) Costs during each of the last three years for research and development were $6.7 million in 2008, $5.7 million in 2007, and $5.8 million in 2006, excluding expenses incurred by the Coatings Business in 2006. Such costs, which are included in selling, general and administrative expenses, relate primarily to the development, design and testing of products, and are expensed as incurred.

b) The Company's business is not dependent on any single customer or few customers, the loss of any one or more of whom would have a material adverse effect on its business, except as described above.

c) For many years the Company consistently installed or improved devices to control or eliminate the discharge of pollutants into the environment. Accordingly, compliance with federal, state, and locally-enacted provisions relating to protection of the environment did not have, and is not expected to have, a material effect upon the Company's capital expenditures, earnings, or competitive position.

d) At year-end the Company and its consolidated subsidiaries employed approximately 2,800 persons. Of those, approximately 1,000 were covered by labor union contracts. Five separate bargaining agreements are subject to renegotiation in 2009.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES.

Aggregate export sales from U.S. operations during each of the last three years were:

	In thousands
2008	$ 24,844
2007	34,044
2006	27,811

Financial information about foreign and domestic operations may be found in Notes (1), (6), and (18) of the Notes to Consolidated Financial Statements, under Part II, Item 8, herein.

(e) AVAILABLE INFORMATION

(1) The Company's Internet address is www.ameron.com

(2) The Company makes available free of charge through its Internet website, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission (the "Commission").

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

All statements and assumptions contained in this Annual Report on Form 10-K and in the documents attached or incorporated by reference that do not directly and exclusively relate to historical facts constitute “forward-looking statements” within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements represent current expectations and beliefs of the Company, and no assurance can be given that the results described in such statements will be achieved.

Forward-looking information contained in these statements include, among other things, statements with respect to the Company's financial condition, results of operations, cash flows, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, plans and objectives of management, and other matters. Such statements are subject to numerous assumptions, risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results described in such statements. These factors include without limitation those listed below under Item 1A. Risk Factors.

Forward-looking statements in this Annual Report on Form 10-K speak only as of the date of this Annual Report, and forward-looking statements in documents attached or incorporated by reference speak only as to the date of those documents. The Company does not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events, except as required by law.

ITEM 1A - RISK FACTORS

The following information should be read in conjunction with Management's Discussion and Analysis ("MD&A") and the Consolidated Financial Statements and related Notes.

The Company's businesses routinely encounter and address risks, some of which could cause the Company's future results to be materially different than presently anticipated. Discussion about the important operational risks that the Company's businesses encounter can also be found in the MD&A section and in the business descriptions in Item 1, herein.

a) **The primary markets for the Company's products are cyclical and dependent on factors that may not necessarily correspond to general economic cycles**. The Company's Water Transmission Group sells piping products for public works projects, which are typically dependent on taxes and fees for funding. The Fiberglass-Composite Pipe Group's performance is closely linked to the level of oil prices and the corresponding impact on oil production, processing and transport. The Infrastructure Products Group is dependent on the level of construction, especially the level of construction in Hawaii and construction of new homes for the sale of concrete poles. Therefore, the Company's activities can be materially impacted by changes in interest rates, construction cycles, changes in oil prices and constraints on governmental budgets and spending.

b) **The availability and price of key raw materials can fluctuate dramatically**. The Company consumes significant amounts of steel, cement, epoxy resin and fiberglass. The availability of these raw materials is subject to periodic shortages, and future allocations may not be sufficient to prevent disruption to sales of the Company and its subsidiaries. Additionally, significant increases in the cost of these raw materials could lead to significantly lower operating margins if the Company is unable to recover these cost increases through price increases to its customers.

c) **Labor disruptions or labor shortages could materially impact the Company's operations**. The Company's businesses are involved with heavy-duty manufacturing and materials handling. Labor is a key component of such operations, and disruptions, such as disputes and strikes, could have a material impact on the Company and its subsidiaries. Additionally, shortages of skilled labor could periodically impact the Company's costs and profitability.

d) **Claims associated with the Company's performance can be relatively large**. The Company sells products that may be essential to the use of large, multi-million-dollar, infrastructure projects, such as water and sewer systems, offshore platforms, marine vessels, petrochemical plants, roads, and large construction projects. Additionally, the Company sells products used in critical applications, such as to protect against corrosion or to convey hazardous materials. Use of the Company's products in such applications could expose the Company to large potential product liability risks which are inherent in the design, manufacture and sale of such products. Successful claims against the Company could materially and adversely affect its reputation, financial condition and results of operations.

e) **TAMCO's profitability could be significantly reduced due to market conditions in the steel industry, by a sharp increase in costs and/or a significant increase in foreign imports of rebar into TAMCO's markets in the western U.S**. TAMCO, the Company's 50%-owned joint venture that manufactures steel rebar in California, has historically contributed to the Company's earnings and paid significant dividends to the Company. TAMCO uses large quantities of natural gas, electricity, and scrap metal. A major spike in energy or scrap costs without a corresponding increase in TAMCO's selling price of its rebar, or continued reduction in steel rebar demand or market selling prices, could result in a dramatic decline in profitability. TAMCO's ability to raise prices could be limited due to competitive pressures, including imports of foreign-sourced rebar.

f) **A significant part of the Company's assets and profits are located or generated outside the U.S., with an associated foreign exchange and country risk**. The Company and it subsidiaries operate in several countries outside the U.S. A significant change in the value of foreign currencies, political stability, trade restrictions, the impact of foreign government regulations, or economic cycles in foreign countries could materially impact the Company.

g) **The returns from the Company's new investment in wind tower capabilities are dependent on a limited number of customers and future demand which could be impacted by changes in government policy, energy prices or tax credits**. The Company is completing a major expansion program to enhance its capabilities to produce wind towers used for wind-generated electricity. In 2009, one customer is expected to purchase most of the wind towers produced by the Company. The current demand for wind-generated power is driven by high energy prices and tax credits. The demand for wind towers could subside if the tax credits are not renewed in 2010 and/or if oil prices continue to fall so that wind energy is less competitive. Additionally, the Company's entry into this new market may not meet forecasted expectations due to entry costs and competitive pressures.

h) **The Company's quarterly results are subject to significant fluctuation**. The Company's sales and net income can fluctuate significantly from quarter to quarter due to production and delivery schedules of major orders and the seasonal variation in demand for certain of the Company's products, particularly in the Water Transmission Group. Operating results in any quarterly period are not necessarily indicative of results for any future quarterly period, and comparisons between periods may not be meaningful. The Company sells products which are installed outdoors; and, therefore, demand for the Company's products can be affected by weather conditions.

i) **Limits on the Company's ability to significantly influence or control partially-owned joint ventures could restrict the future operations of such ventures and the amount of cash available to the Company from such joint ventures**. Without control, the Company cannot solely dictate the dividend or operating policies of joint ventures without the cooperation of the respective joint-venture partners.

j) **The general economic conditions and the availability of third-party financing could affect demand for the Company's products**. The Company's products are sold into the capital goods industry. The markets served by the Company and its joint ventures could be severely impacted by a general economic slowdown. The availability of financing for customers or for projects could impact the overall level of demand for the Company's products and the timing of new orders. Additionally, existing orders in backlog are subject to cancellation or delays if customers are unable to obtain anticipated financing or if economic conditions worsen.

k) **The Company's relatively low trading volume could limit a shareholder's ability to trade the Company's shares**. The Company's shares are traded on the New York Stock Exchange; however, the average trading volume can be considered to be relatively low. As a result, shareholders could have difficulty in selling or buying a large number of the Company's shares in the manner or at a price that might otherwise be possible if the shares were more actively traded.

ITEM 1B - UNRESOLVED STAFF COMMENTS

None.

ITEM 2 - PROPERTIES

(a) The location and general character of principal plants and other materially important physical properties used in the Company's operations are tabulated below. Property is owned in fee simple except where otherwise indicated by footnote. In addition to the property shown, the Company owns vacant land adjacent to or in the proximity of some of its operating locations and holds this property available for use when it may be needed to accommodate expanded or new operations. The Company also has a property formerly used in the Coatings Business that is being held for sale. Listed properties do not include any temporary project sites which are generally leased for the duration of the respective projects or leased or owned warehouses that could be easily replaced. With the exception of the Kailua, Oahu property, shown under the Infrastructure Products Group industry segment, there are no material leases with respect to which expiration or inability to renew would have a material adverse effect on the Company's operations. The lease term on the Kailua property extends to 2052. Kailua is the principal source of quarried rock and aggregates for the Company's operations on Oahu, Hawaii, and rock reserves are adequate for its requirements during the term of the lease.

(b) The Company believes that its existing facilities are adequate for current and presently foreseeable operations. Because of the cyclical nature of certain of the Company's operations and the substantial amounts involved in some individual orders, the level of utilization of particular facilities may vary significantly from time to time in the normal course of operations.

INDUSTRY SEGMENT - GROUP

Division - Location	Description
FIBERGLASS-COMPOSITE PIPE GROUP	
Fiberglass Pipe Division - USA	
Houston, TX	*Office
Burkburnett, TX	Office, Plant
Centron International, Inc.	
Mineral Wells, TX	Office, Plant
Ameron B.V.	
Geldermalsen, the Netherlands	Office, Plant
Ameron (Pte) Ltd.	
Singapore	*Office, Plant
Ameron Malaysia Sdn. Bhd.	
Malaysia	*Office, Plant
Ameron Polyplaster	
Betim, Brazil	Office, Plant
Ameron Brazil	
Betim, Brazil	Office, Plant
WATER TRANSMISSION GROUP	
Rancho Cucamonga, CA	*Office
Rancho Cucamonga, CA	Office, Plant
Fontana, CA	Office, Plant
Lakeside, CA	Office, Plant
Phoenix, AZ	Office, Plant
Tracy, CA	Office, Plant
Protective Linings Division	
Brea, CA	Office, Plant
Tubos California	
Pasadena, CA	*Office
Tubos Y Activos	
Mexicali, Mexico	*Office, Plant
American Pipe & Construction International	
Bogota, Colombia	Office, Plant
Cali, Colombia	Office, Plant
INFRASTRUCTURE PRODUCTS GROUP	
Hawaii Division	
Honolulu, Oahu, HI	*Office, Plant
Kailua, Oahu, HI	*Plant, Quarry
Barbers Point, Oahu, HI	Office, Plant
Puunene, Maui, HI	*Office, Plant, Quarry
Pole Products Division	
Ventura, CA	*Office
Fillmore, CA	Office, Plant
Oakland, CA	*Plant
Everett, WA	*Office, Plant
Tulsa, OK	*Office, Plant
Anniston, AL	*Office, Plant
CORPORATE	
Corporate Headquarters	
Pasadena, CA	*Office
Houston, TX	Warehouse
Hull, UK	**Office, Plant
Corporate Research & Engineering	
Long Beach, CA	*Office
South Gate, CA	Office, Laboratory

*Leased
**Held for Sale

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ITEM 3 - LEGAL PROCEEDINGS

In April 2004, Sable Offshore Energy Inc. ("Sable"), as agent for certain owners of the Sable Offshore Energy Project, brought an action against various coatings suppliers and application contractors, including the Company and two of its subsidiaries, Ameron (UK) Limited and Ameron B.V. (collectively the "Ameron Subsidiaries"), in the Supreme Court of Nova Scotia, Canada. Sable seeks damages allegedly sustained by it resulting from performance problems with several coating systems used on the Sable Offshore Energy Project, including coatings products furnished by the Company and the Ameron Subsidiaries. Sable's originating notice and statement of claim alleged a claim for damages in an unspecified amount; however, Sable has since alleged that its claim for damages against all defendants is approximately 440 million Canadian dollars, a figure which the Company and the Ameron Subsidiaries contest. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In May 2003, Dominion Exploration and Production, Inc. and Pioneer Natural Resources USA, Inc. (collectively "Dominion") brought an action against the Company in Civil District Court for the Parish of Orleans, Louisiana as owners of an offshore production facility known as a SPAR. Dominion seeks damages allegedly sustained by it resulting from delays in delivery of the SPAR caused by the removal and replacement of certain coatings containing lead and/or lead chromate for which the manufacturer of the SPAR alleged the Company was responsible. Dominion contends that the Company made certain misrepresentations and warranties to Dominion concerning the lead-free nature of those coatings. Dominion's petition as filed alleged a claim for damages in an unspecified amount; however, Dominion's economic expert has since estimated Dominion's damages at approximately $128 million, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In July 2004, BP America Production Company (“BP America”) brought an action against the Company in the 24th Judicial District Court, Parish of Jefferson, Louisiana in connection with fiberglass pipe sold by the Company for installation in four offshore platforms constructed for BP America. The plaintiff seeks damages allegedly sustained by it resulting from claimed defects in such pipe. BP America’s petition as filed alleged a claim against the Company for rescission, products liability, negligence, breach of contract and warranty and for damages in an amount of not less than $20 million, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In June 2006, the Cawelo, California Water District (“Cawelo”) brought an action against the Company in Kern County Superior Court, California in connection with concrete pipe sold by the Company in 1995 for a wastewater recovery pipeline in such county. Cawelo seeks damages allegedly sustained by it resulting from the failure of such pipe in 2004. Cawelo’s petition as filed alleged a claim against the Company for products liability, negligence, breach of express warranty and breach of written contract and for damages in an amount of not less than $8 million, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

The Company is a defendant in a number of asbestos-related personal injury lawsuits. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposure to products previously manufactured by the Company and others. As of November 30, 2008, the Company was a defendant in 24 asbestos-related cases, compared to 36 cases (60 claimants) as of November 30, 2007. During the year ended November 30, 2008, there were 20 new asbestos-related cases, 24 cases dismissed, eight cases settled, no judgments and aggregate net costs and expenses of $.1 million. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to these cases.

The Company is subject to federal, state and local laws and regulations concerning the environment and is currently participating in administrative proceedings at several sites under these laws. While the Company finds it difficult to estimate with any certainty the total cost of remediation at the several sites, on the basis of currently available information and reserves provided, the Company believes that the outcome of such environmental regulatory proceedings will not have a material effect on the Company's financial position, cash flows, or results of operations. During the year ended November 30, 2008, the Company incurred $1.0 million of net costs and expenses related to such proceedings.

The U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") sent to the Company a Requirement To Furnish Information regarding transactions involving Iran. The Company intends to cooperate fully with OFAC on this matter. Based upon the information available to it at this time, the Company is not able to predict the outcome of this matter.

In addition, certain other claims, suits and complaints that arise in the ordinary course of business, have been filed or are pending against the Company. Management believes that these matters are either adequately reserved, covered by insurance, or would not have a material effect on the Company's financial position, cash flows or results of operations if disposed of unfavorably.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter submitted to a vote of security holders during the fourth quarter of 2008.

Executive Officers of the Registrant

The following sets forth information with respect to individuals who served as executive officers as of November 30, 2008 and who are not directors of the Company. All executive officers are appointed by the Board of Directors to serve at the discretion of the Board of Directors.

Name	Age	Title and Year Elected as Officer	
Daniel J. Emmett	48	Vice President, Controller	2006
Ralph S. Friedrich	61	Vice President-Research & Engineering	2003
Stephen E. Johnson	54	Senior Vice President, Secretary & General Counsel	2008
James R. McLaughlin	61	Senior Vice President, Chief Financial Officer & Treasurer	1997
Mark J. Nowak	54	Vice President; Group President, Fiberglass-Composite Pipe Group	2008
Terrence P. O'Shea	62	Vice President-Human Resources	2003
Christine Stanley	50	Vice President-Operations Compliance	2008
Gary Wagner	57	President & Chief Operating Officer	1990

All of the executive officers named above have held high-level managerial or executive positions with the Company for more than the past five years, except Daniel J. Emmett, Stephen E. Johnson and Christine Stanley. Daniel J. Emmett was appointed Vice President, Controller on January 11, 2006, after having served as Group Controller for the Fiberglass-Composite Pipe Group since July 2004. Prior to joining the Company, he was Corporate Controller for Bearcom from 2002 to 2004 and Director of International Accounting for Blockbuster from 2000 to 2002. Stephen E. Johnson joined the Company and was appointed Senior Vice President Secretary & General Counsel on May 28, 2008. Prior to joining the Company, he was Deputy General Counsel and Assistant Secretary of Computer Sciences Corporation from 1997 to 2008, and Assistant General Counsel and Assistant Secretary from 1995 to 1996. Mark J. Nowak was appointed Vice President; Group President, Fiberglass-Composite Pipe Group on March 26, 2008. He served as the Group President, Fiberglass-Composite Pipe Group since March 2004 and President, Fiberglass-Composite Pipe Division-USA since April 2003. Christine Stanley was appointed Vice President-Operations Compliance on September 24, 2008, after serving as Group Executive since 2006. Prior to 2006, she served as Vice President of Technology of the worldwide Performance Coatings & Finishes Group and held numerous senior technology and manufacturing management positions.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock, $2.50 par value, of the Company, its only outstanding class of common equity, is traded on the New York Stock Exchange ("NYSE"), the only exchange on which it is presently listed. On January 7, 2009, there were 936 stockholders of record of such stock, based on the information provided by the Company's transfer agent, Computershare. Information regarding incentive stock compensation plans may be found in Note (13) of the Notes to Consolidated Financial Statements, under Part II, Item 8, herein.

Dividends have been paid each quarter during the prior two years. Information as to the amount of dividends paid during the reporting period and the high and low prices of the Company's Common Stock during such period are set out in Supplementary Data - Quarterly Financial Data (Unaudited) following the Notes to Consolidated Financial Statements, under Part II, Item 8.

Terms of lending agreements which place restrictions on cash dividends are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7, herein, and Note (11) of the Notes to Consolidated Financial Statements, under Part II, Item 8.

STOCK PRICE PERFORMANCE GRAPH

The following line graph compares the yearly changes in the cumulative total return of the Company's Common Stock against the cumulative total return of the NYSE (New York Stock Exchange) Market Value Index and the Peer Group Composite Index described below for the period of the Company's five fiscal years commencing December 1, 2003 and ended November 30, 2008. The comparison assumes $100 invested in stock on December 1, 2003. Total return assumes reinvestment of dividends. The Company's stock price performance over the years indicated below does not necessarily track the operating performance of the Company nor is it necessarily indicative of future stock price performance.

The Peer Group Composite Index is comprised of the following public companies: Ameron, Dresser-Rand Group, Inc., Gibraltar Industries, Inc., Lufkin Industries, Inc., Martin Marietta Materials, Inc., National Oilwell Varco, Inc., Northwest Pipe Co., Schnitzer Steel Industries, Inc., Texas Industries, Inc., Trinity Industries, Inc., Valmont Industries, Inc. and Vulcan Materials Co. Grant Prideco, Inc. was included in the Peer Group Composite Index in the Company's 2007 Annual Report on Form 10-K; however, Grant Prideco, Inc. was acquired by National Oilwell Varco, Inc. and is no longer a public company.

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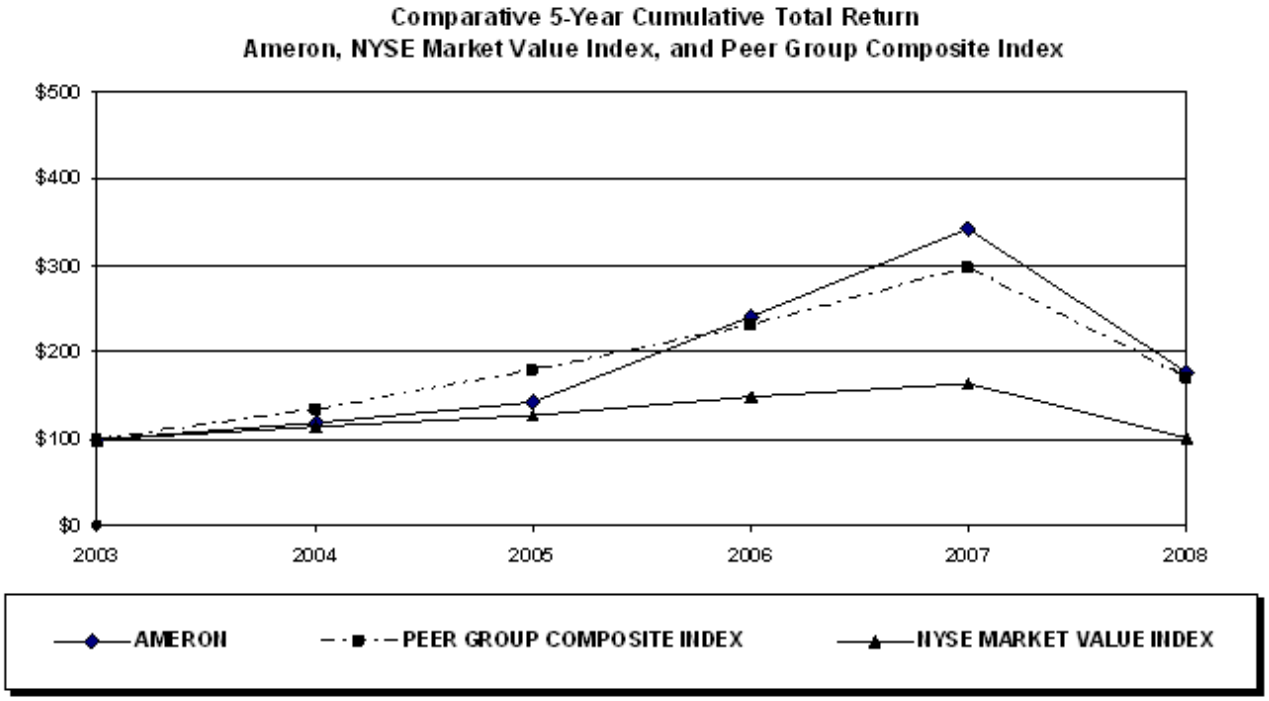

	Dec-03	Nov-04	Nov-05	Nov-06	Nov-07	Nov-08
Ameron	100	117.76	142.47	241.51	343.24	177.60
NYSE Market Value Index	100	114.68	127.65	148.46	163.39	100.50
Peer Group Composite Index	100	134.25	179.04	230.78	297.79	171.04

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) Of Shares (or Units) that May Yet Be Purchased Under The Plans or Programs**
9/1/08 thru 9/28/08	-	N/A	-	39,006
9/29/08 thru 10/2/08	-	N/A	-	39,006
10/3/08 thru 11/30/08	-	N/A	-	39,006

**Shares may be repurchased by the Company to pay taxes applicable to the vesting of restricted stock. The number of shares assumes an average statutory withholding rate of 40.6% and does not include shares which may be repurchased to pay social security taxes applicable to the vesting of such restricted stock.

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ITEM 6 - SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(Dollars in thousands, except per share data)	Year ended November 30, 2008	2007	2006	2005	2004
PER COMMON SHARE DATA					
Basic earnings per share:					
Income from continuing operations	**$ 6.42**	$ 6.77	$ 5.73	$ 3.51	$ 1.35
Income from discontinued operations, net of taxes	**-**	.68	.25	.37	.28
Net income	**6.42**	7.45	5.98	3.88	1.63
Diluted earnings per share:					
Income from continuing operations	**6.39**	6.73	5.64	3.44	1.32
Income from discontinued operations, net of taxes	**-**	.67	.24	.36	.27
Net income	**6.39**	7.40	5.88	3.80	1.59
Weighted-average shares (basic)	**9,124,557**	9,029,487	8,731,839	8,410,563	8,270,487
Weighted-average shares (diluted)	**9,169,056**	9,090,846	8,871,695	8,579,194	8,448,987
Dividends	**1.15**	.90	.80	.80	.80
Stock price - high	**130.51**	109.60	80.01	46.61	40.05
Stock price - low	**33.30**	64.35	44.66	31.76	28.60
Price/earnings ratio (range)	**20-5**	15-9	14-8	12-8	25-18
OPERATING RESULTS					
Sales	**$ 667,543**	$ 631,010	$ 549,180	$ 494,767	$ 406,230
Gross profit	**153,621**	146,029	132,389	125,210	92,209
Interest income/(expense), net	**1,533**	1,927	(1,682)	(5,520)	(5,522)
Provision for income taxes	**(16,955)**	(10,359)	(10,905)	(11,040)	(4,789)
Equity in earnings of joint venture, net of taxes	**10,337**	15,383	13,550	9,005	10,791
Income from continuing operations	**58,592**	61,140	50,060	29,509	11,151
Income from discontinued operations, net of taxes	**-**	6,099	2,140	3,101	2,308
Net income	**58,592**	67,239	52,200	32,610	13,459
Net income/sales	**8.8%**	10.7%	9.5%	6.6%	3.3%
Return on equity	**12.7%**	16.6%	15.8%	11.3%	5.0%
FINANCIAL CONDITION AT YEAR-END (1)					
Working capital	**$ 297,445**	$ 314,339	$ 280,467	$ 216,126	$ 180,813
Property, plant and equipment, net	**206,162**	173,731	134,470	154,665	153,651
Investments in joint ventures					
Equity method	**14,428**	14,677	14,501	13,777	16,042
Cost method	**3,784**	3,784	3,784	5,922	5,922
Total assets	**726,322**	705,812	616,351	578,036	543,937
Long-term debt, less current portion	**35,989**	57,593	72,525	77,109	75,349
CASH FLOW (1)					
Expenditures for property, plant and equipment	**$ 60,697**	$ 47,697	$ 35,519	$ 25,371	$ 18,312
Depreciation and amortization	**20,409**	17,034	17,440	18,924	18,897

(1) Amounts include both continuing and discontinued operations.

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ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Ameron International Corporation ("Ameron", the "Company", the “Registrant” or the “Corporation”) is a multinational manufacturer of highly-engineered products and materials for the chemical, industrial, energy, transportation and infrastructure markets. Ameron is a leading producer of water transmission lines; fiberglass-composite pipe for transporting oil, chemicals and corrosive fluids and specialized materials; and products used in infrastructure projects. The Company operates businesses in North America, South America, Europe and Asia. The Company has three reportable segments. The Fiberglass-Composite Pipe Group manufactures and markets filament-wound and molded composite fiberglass pipe, tubing, fittings and well screens. The Water Transmission Group manufactures and supplies concrete and steel pressure pipe, concrete non-pressure pipe, protective linings for pipe and fabricated steel products, such as large-diameter wind towers. The Infrastructure Products Group consists of two operating segments, which are aggregated: the Hawaii Division which manufactures and sells ready-mix concrete, sand and aggregates, concrete pipe and culverts and the Pole Products Division which manufactures and sells concrete and steel lighting and traffic poles. The markets served by the Fiberglass-Composite Pipe Group are worldwide in scope. The Water Transmission Group serves primarily the western U.S. for pipe and sells wind towers primarily west of the Mississippi river. The Infrastructure Products Group's quarry and ready-mix business operates exclusively in Hawaii, and poles are sold throughout the U.S. Ameron also participates in several joint-venture companies, directly in the U.S. and Saudi Arabia, and indirectly in Egypt.

During the third quarter of 2006, the Company sold its Performance Coatings & Finishes business ("Coatings Business"). The results from this segment are reported as discontinued operations for all the reporting periods. Accordingly, the following discussions generally reflect summary results from continuing operations unless otherwise noted. However, the net income and net income per share discussions include the impact of discontinued operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Liquidity and Capital Resources and Results of Operations are based upon the Company's consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires Management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities during the reporting periods. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

A summary of the Company's significant accounting policies is provided in Note (1) of the Notes to Consolidated Financial Statements, under Part II, Item 8, herein. In addition, Management believes the following accounting policies affect the more significant estimates used in preparing the consolidated financial statements.

The consolidated financial statements include the accounts of Ameron and all wholly-owned subsidiaries. All material intercompany accounts and transactions are eliminated. The functional currencies for the Company's foreign operations are the applicable local currencies. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted-average exchange rate during the period. The resulting translation adjustments are recorded in accumulated other comprehensive income/(loss). The Company advances funds to certain foreign subsidiaries that are not expected to be repaid in the foreseeable future. Translation adjustments arising from these advances are also included in accumulated other comprehensive income/(loss). The timing of repayments of intercompany advances could materially impact the Company's consolidated financial statements. Additionally, earnings of foreign subsidiaries are often permanently reinvested outside the U.S. Unforeseen repatriation of such earnings could result in significant unrecognized U.S. tax liability. Gains or losses resulting from foreign currency transactions are included in other income, net.

Revenue for the Fiberglass-Composite Pipe and Infrastructure Products segments is recognized when risk of ownership and title pass, primarily at the time goods are shipped, provided that an agreement exists between the customer and the Company, the price is fixed or determinable and collection is reasonably assured. Revenue is recognized for the Water Transmission Group primarily under the percentage-of-completion method, typically based on completed units of production, since products are manufactured under enforceable and binding construction contracts, typically are designed for specific applications, are not interchangeable between projects, and are not manufactured for stock. Revenue for the period is determined by multiplying total estimated contract revenue by the percentage-of-completion of the contract and then subtracting the amount of previously recognized revenue. Cost of earned revenue is computed by multiplying estimated contract completion cost by the percentage-of-completion of the contract and then subtracting the amount of previously recognized cost. In some cases, if products are manufactured for stock or are not related to specific construction contracts, revenue is recognized under the same criteria used by the other two segments. Revenue under the percentage-of-completion method is subject to a greater level of estimation, which affects the timing of revenue recognition, costs and profits. Estimates are reviewed on a consistent basis and are adjusted periodically to reflect current expectations. Costs attributable to unpriced change orders are treated as costs of contract performance in the period, and contract revenue is recognized if recovery is probable. Disputed or unapproved change orders are treated as claims. Recognition of amounts of additional contract revenue relating to claims occurs when amounts have been received or awarded with recognition based on the percentage-of-completion methodology.

The Company expenses environmental clean-up costs related to existing conditions resulting from past or current operations on a site-by-site basis. Liabilities and costs associated with these matters, as well as other pending litigation and asserted claims arising in the ordinary course of business, require estimates of future costs and judgments based on the knowledge and experience of Management and its legal counsel. When the Company's exposures can be reasonably estimated and are probable, liabilities and expenses are recorded. The ultimate resolution of any such exposure to the Company may differ due to subsequent developments.

Inventories are stated at the lower of cost or market with cost determined principally on the first-in, first-out ("FIFO") method. Certain steel inventories used by the Water Transmission Group are valued using the last-in, first-out ("LIFO") method. Significant changes in steel levels or costs could materially impact the Company's financial statements. Reserves are established for excess, obsolete and rework inventories based on estimates of salability and forecasted future demand. Management records an allowance for doubtful accounts receivable based on historical experience and expected trends. A significant reduction in demand or a significant worsening of customer credit quality could materially impact the Company’s consolidated financial statements.

Investments in unconsolidated joint ventures or affiliates ("joint ventures") over which the Company has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus the Company's equity in undistributed earnings or losses since acquisition. Investments in joint ventures over which the Company does not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting. The Company's investment in TAMCO, a steel mini-mill in California, is accounted for under the equity method. Investments in Ameron Saudi Arabia, Ltd. and Bondstrand, Ltd. are accounted for under the cost method due to Management's current assessment of the Company's influence over these joint ventures.

Property, plant and equipment is stated on the basis of cost and depreciated principally using a straight-line method based on the estimated useful lives of the related assets, generally three to 40 years. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the estimated future, undiscounted cash flows from the use of an asset are less than its carrying value, a write-down is recorded to reduce the related asset to estimated fair value. Actual cash flows may differ significantly from estimated cash flows. Additionally, current estimates of future cash flows may differ from subsequent estimates of future cash flows. Changes in estimated or actual cash flows could materially impact the Company's consolidated financial statements.

The Company is self-insured for a portion of the losses and liabilities primarily associated with workers' compensation claims and general, product and vehicle liability. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of self-insurance liability includes an estimate of incurred but not reported claims, based on data compiled from historical experience. Actual experience could differ significantly from these estimates and could materially impact the Company's consolidated financial statements. The Company purchases varying levels of insurance to cover losses in excess of the self-insured limits. Currently, the Company's primary self-insurance limits or deductibles are $1.0 million per workers' compensation claim, $.1 million per general, property or product liability claim, and $.25 million per vehicle liability claim.

The Company follows the guidance of Statement of Financial Accounting Standards ("SFAS") No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans,” SFAS No. 87, “Employers' Accounting for Pensions,” and SFAS No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions,” when accounting for pension and other postretirement benefits. Under these accounting standards, assumptions are made regarding the valuation of benefit obligations and the performance of plan assets that are controlled and invested by third-party fiduciaries. Delayed recognition of differences between actual results and expected or estimated results is a guiding principle of these standards. Such delayed recognition provides a gradual recognition of benefit obligations and investment performance over the working lives of the employees who benefit under the plans, based on various assumptions. Assumed discount rates are used to calculate the present values of benefit payments which are projected to be made in the future, including projections of increases in employees' annual compensation and health care costs. Management also projects the future returns on invested assets based principally on prior performance. These projected returns reduce the net benefit costs the Company records in the current period. Actual results could vary significantly from projected results, and such deviations could materially impact the Company's consolidated financial statements. Management consults with the Company’s actuaries when determining these assumptions. Program changes, including termination, freezing of benefits or acceleration of benefits, could result in an immediate recognition of unrecognized benefit obligations; and such recognition could materially impact the Company's consolidated financial statements.

The discount rate is based on market interest rates. At November 30, 2008, the Company increased the annual discount rate from 6.15% to 7.29% as a result of the then-current market interest rates on long-term, fixed-income debt securities of highly-rated corporations. In estimating the expected return on assets, the Company considers past performance and future expectations for various types of investments as well as the expected long-term allocation of assets. At November 30, 2008, the Company decreased the long-term annual rate of return on assets assumption from 8.75% to 8.50% to reflect current expectations for future returns in the equity markets. In projecting the rate of increase in compensation levels, the Company considers movements in inflation rates as reflected by market interest rates. At November 30, 2008, the Company changed the assumed annual rate of compensation increase from 3.65% to 4.25%. In selecting the rate of increase in health care costs, the Company considers past performance and forecasts of future health care cost trends. At November 30, 2008, the Company decreased the annual rate of increase in health care costs from 10% to 9%, decreasing ratably until reaching 5% in 2012 and beyond.

Different assumptions would impact the Company’s projected benefit obligations and annual net periodic benefit costs related to pensions, and the accrued other benefit obligations and benefit costs related to postretirement benefits. The following reflects the impact associated with a change in certain assumptions:

	1% Increase		1% Decrease	
(In thousands)	Increase/ (Decrease) in Benefit Obligations	Increase/ (Decrease) in Benefit Costs	Increase/ (Decrease) in Benefit Obligations	Increase/ (Decrease) in Benefit Costs
Discount rate:				
Pensions	$ (21,263)	$ (866)	$ 23,697	$ 2,517
Other postretirement benefits	(263)	(23)	304	23
Expected rate of return on assets	N/A	(2,139)	N/A	2,139
Rate of increase in compensation levels	2,248	628	(2,035)	(562)
Rate of increase in health care costs	120	16	(106)	(15)

Additional information regarding pensions and other postretirement benefits is disclosed in Note (16) of Notes to Consolidated Financial Statements, under Part II, Item 8.

Effective December 1, 2007, the Company adopted SFAS No. 157, “Fair Value Measurements,” which provides a framework for measuring fair value. As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that the Company believes market participants would use in pricing assets or liabilities, including assumptions about risk and the risks inherent in the inputs to valuation techniques. These inputs can be readily observable, market corroborated or generally unobservable. The Company primarily applies the market and income approaches for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company classifies fair value balances based on the observability of those inputs. The ultimate exit price could be significantly different than currently estimated by the Company.

Management incentive compensation is accrued based on current estimates of the Company's ability to achieve short-term and long-term performance targets. The Company’s actual performance could be significantly different than currently estimated by the Company.

Deferred income tax assets and liabilities are computed for differences between the financial statement and income tax bases of assets and liabilities. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized. Quarterly income taxes are estimated based on the mix of income by jurisdiction forecasted for the full fiscal year. The Company believes that it has adequately provided for tax-related matters. Actual income, the mix of income by jurisdiction and income taxes could be significantly different than currently estimated.

The amount of income taxes the Company pays is subject to ongoing audits by federal, state and foreign tax authorities. The Company’s estimate of the potential outcome of any uncertain tax issue is subject to Management’s assessment of relevant risks, facts, and circumstances existing at that time, pursuant to the Financial Accounting Standards Board (“FASB”) Interpretation (“FIN”) No. 48, “Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109.” FIN No. 48 requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. A liability is recorded for the difference between the benefit recognized and measured pursuant to FIN No. 48 and the tax position taken or expected to be taken on the tax return. To the extent that the Company’s assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The Company reports tax-related interest and penalties as a component of income tax expense.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion of liquidity and capital resources combines the impact of both continuing and discontinued operations unless otherwise noted.

As of November 30, 2008, the Company's working capital, including cash and cash equivalents and current portion of long-term debt, totaled $297.4 million, a decrease of $16.9 million from working capital of $314.3 million as of November 30, 2007. The decrease resulted primarily from a decrease in cash, receivables, inventories, other prepaid assets, income taxes payable and deferred income, partially offset by an increase in trade payables. The reductions in receivables and inventories were primarily due to more efficient working capital management. All of the Company's industry segments turned inventory between four and six times per year in 2008, compared to four and seven times in 2007. Average days' sales in accounts receivable ranged between 36 and 131 in 2008, compared to 33 and 171 times in 2007, for all segments. Cash and cash equivalents totaled $143.6 million as of November 30, 2008, compared to $155.4 million as of November 30, 2007.

In accordance with SFAS No. 95, “Statement of Cash Flows,” the consolidated statements of cash flows include cash flows for both continuing and discontinued operations. During 2008, net cash of $88.4 million was generated from operating activities, compared to $63.2 million generated in 2007. The higher operating cash flow in 2008 was primarily due to lower growth in operating assets, offset by lower liabilities and earnings. In 2007, the Company's cash from operating activities included net income of $67.2 million, less loss on sale of assets and gain from sale of discontinued operations of $5.9 million, plus non-cash adjustments (depreciation, amortization, deferred taxes, dividends from joint-ventures less than equity income and stock compensation expense) of $28.3 million, offset by changes in operating assets and liabilities of $26.4 million. In 2008, the Company's cash provided by operating activities included net income of $58.6 million, plus loss on sale of assets of $.1 million, plus similar non-cash adjustments of $22.3 million, plus corresponding changes in operating assets and liabilities of $7.4 million. The higher operating cash flow in 2007, compared to 2006, was primarily due to higher earnings and lower growth in operating assets and liabilities. In 2006, $16.8 million of cash was generated from operating activities. Cash from operating activities included net income of $52.2 million, less gain on sale of assets and loss from sale of discontinued operations of $8.7 million, plus similar non-cash adjustments of $14.8 million, offset by changes in operating assets and liabilities of $41.5 million.

Net cash used in investing activities totaled $59.1 million in 2008, compared to $37.1 million in 2007. In 2008, the Company generated net proceeds of $1.6 million from the sale of assets. In 2007, the Company generated net proceeds of $16.6 million from the sale of assets, including the sale of certain properties used by the former Coatings Business. In 2006, the Company generated net proceeds of $10.3 million from the sale of assets. In addition, the Company generated proceeds of $115.0 million from the sale of the Coatings Business in 2006. Net cash used in investing activities included capital expenditures of $60.7 million in 2008, compared to $47.7 million in 2007. In addition to capital expenditures for normal replacement and upgrades of machinery and equipment, in both 2007 and 2008, the Company spent $22.1 million and $13.7 million, respectively, to enhance the capabilities of its steel fabrication plant in California to manufacture large-diameter wind towers. The Company also spent $9.2 million for the construction of a new fiberglass pipe plant in Brazil in 2008. Additionally, the Company acquired the business of Polyplaster, Ltda. (“Polyplaster”), a Brazilian fiberglass-pipe operation, in 2007 for approximately $6.0 million, plus an earn out that could total $1.5 million based on the post-acquisition performance of the acquired business. In 2006, net cash used in investing activities included capital expenditures of $34.5 million. Additionally, the assets of a Mexican steel fabrication operation were acquired for approximately $1.0 million in 2006. During the year ending November 30, 2009, the Company anticipates spending between $30 and $40 million on capital expenditures. Normal replacement expenditures are typically equal to depreciation. In addition, the Company anticipates that it will fund from $10 million to $35 million to support the operations and capital expenditures of TAMCO. Capital expenditures and investments are expected to be funded by existing cash balances, cash generated from operations or additional borrowings.

Net cash used in financing activities totaled $32.5 million during 2008, compared to $16.5 million in 2007. Net cash used in 2008 consisted of net payment of debt of $21.1 million, payment of Common Stock dividends of $10.5 million and treasury stock purchases of $2.6 million, related to the payment of taxes associated with the vesting of restricted shares. Also in 2008, the Company received $.4 million from the issuance of Common Stock related to exercised stock options and recognized tax benefits related to stock-based compensation of $1.3 million. Net cash used in 2007 consisted of net payment of debt of $10.2 million, payment of Common Stock dividends of $8.2 million and similar treasury stock purchases of $1.6 million. In 2007, the Company received $1.6 million from the issuance of Common Stock related to exercised stock options and recognized tax benefits related to stock-based compensation of $2.0 million. In 2006, $14.0 million was used in financing activities. Cash used in 2006 consisted of net payment of debt of $16.1 million, payment of Common Stock dividends of $7.1 million and similar treasury stock purchases of $1.2 million. In 2006, the Company received $8.0 million from issuance of Common Stock related to the exercise of stock options and recognized tax benefits related to stock-based compensation of $2.5 million.

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The Company utilizes a $100.0 million revolving credit facility with six banks (the "Revolver"). Under the Revolver, the Company may, at its option, borrow at floating interest rates (LIBOR plus a spread ranging from .75% to 1.625%, determined based on the Company's financial condition and performance), at any time until September 2010, when all borrowings under the Revolver must be repaid.

The Company's lending agreements contain various restrictive covenants, including the requirement to maintain specified amounts of net worth and restrictions on cash dividends, borrowings, liens, investments, guarantees, and financial covenants. The Company is required to maintain consolidated net worth of $181.4 million plus 50% of net income and 75% of proceeds from any equity issued after January 24, 2003. The Company's consolidated net worth exceeded the covenant amount by $167.9 million as of November 30, 2008. The Company is required to maintain a consolidated leverage ratio of consolidated funded indebtedness to earnings before interest, taxes, depreciation and amortization ("EBITDA") of no more than 2.5 times. At November 30, 2008, the Company maintained a consolidated leverage ratio of .54 times EBITDA. Lending agreements require that the Company maintain qualified consolidated tangible assets at least equal to the outstanding secured funded indebtedness. At November 30, 2008, qualifying tangible assets equaled 4.15 times funded indebtedness. Under the most restrictive fixed charge coverage ratio, the sum of EBITDA and rental expense less cash taxes must be at least 1.50 times the sum of interest expense, rental expense, dividends and scheduled funded debt payments. At November 30, 2008, the Company maintained such a fixed charge coverage ratio of 2.68 times. Under the most restrictive provisions of the Company's lending agreements, approximately $26.8 million of retained earnings was not restricted at November 30, 2008, as to the declaration of cash dividends or the repurchase of Company stock. At November 30, 2008, the Company was in compliance with all covenants.

Cash and cash equivalents at November 30, 2008 totaled $143.6 million, a decrease of $11.9 million from November 30, 2007. At November 30, 2008, the Company had total debt outstanding of $52.8 million, compared to $74.6 million at November 30, 2007, and approximately $112.2 million in unused committed and uncommitted credit lines available from foreign and domestic banks. The Company's highest borrowing and the average borrowing levels during 2008 were $74.5 million and $71.1 million, respectively.

Cash balances are held throughout the world, including substantial amounts held outside of the U.S. Most of the amounts held outside of the U.S. could be repatriated to the U.S. but, under current law, would be subject to U.S. federal income taxes, less applicable foreign tax credits.

The Company contributed $3.0 million to the U.S. defined-benefit pension plan and $.9 million to the non-U.S. defined-benefit pension plans in 2008. The Company expects to contribute approximately $8.5 million to its U.S. defined-benefit pension plan and $1.8 million to the non-U.S. defined-benefit pension plans in 2009. The increased contribution is due to the decrease in plan assets associated with declining investment markets in 2008 and to the funding requirement of the Pension Protection Act of 2006.

TAMCO's primary source of financing is a $60 million credit facility. Approximately $50 million is currently outstanding under the credit facility, which is scheduled to expire on March 1, 2009. TAMCO has received a commitment from its bank, subject to certain conditions precedent to closing, for a one year credit facility that decreases to $35 million effective May 1, 2009. Separately, TAMCO's shareholders agreed to provide $22 million to TAMCO by February 28, 2009. The Company's share of the funding from shareholders totals $11 million. The Company may provide additional funding to TAMCO if TAMCO is unable to finalize the bank facility or obtain other third-party financing. TAMCO's ability to issue dividends will be dependent on its future cash position and limited by terms of its financing arrangements.

Management believes that cash flow from operations and current cash balances, together with currently available lines of credit, will be sufficient to meet operating requirements in 2009. Cash available from operations could be affected by any general economic downturn or any decline or adverse changes in the Company's business, such as a loss of customers, competitive pricing pressures or significant raw material price increases.

The Company's contractual obligations and commercial commitments at November 30, 2008 are summarized as follows (in thousands):

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	$ 52,752	$ 16,763	$ 13,526	$ 6,763	$ 15,700
Interest payments on debt (a)	5,493	1,891	1,849	701	1,052
Operating leases	36,255	4,494	7,345	3,534	20,882
Pension funding	10,300	10,300	-	-	-
Purchase obligations (b)	235	235	-	-	-
Uncertain tax positions	1,127	1,127	-	-	-
Total contractual obligations (c)	$ 106,162	$ 34,810	$ 22,720	$ 10,998	$ 37,634

	Commitments Expiring Per Period				
Contractual Commitments	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Standby letters of credit (d)	$ 2,100	$ 2,100	$ -	$ -	$ -
Total commercial commitments (c)	$ 2,100	$ 2,100	$ -	$ -	$ -

(a) Future interest payments related to debt obligations, excluding the Revolver.
(b) Obligation to purchase sand used in the Company's ready-mix operations in Hawaii.
(c) The Company has no capitalized lease obligations, unconditional purchase obligations or standby repurchases obligations.
(d) Not included are standby letters of credit totaling $16,067 supporting industrial development bonds with principal of $15,700. The principal amount of the industrial development bonds is included in long-term debt. The standby letters of credit are issued under the Revolver.

RESULTS OF OPERATIONS: 2008 COMPARED WITH 2007

General

Income from continuing operations totaled $58.6 million, or $6.39 per diluted share, on sales of $667.5 million in the year ended November 30, 2008, compared to $61.1 million, or $6.73 per diluted share, on sales of $631.0 million in 2007. Income from continuing operations was lower in 2008 due principally to $5.3 million of tax benefits recognized in 2007 associated with the dissolution of the Company’s wholly-owned United Kingdom subsidiary. The Fiberglass-Composite Pipe Group had higher sales and income due to continued strength in energy and marine markets and the acquisition of the business of Polyplaster. The Water Transmission Group had higher sales primarily due to wind towers and larger losses due to the weak pipe market and inefficient pipe and wind tower production. The Infrastructure Products Group had lower sales and income due to declines by both the Hawaii division and the Pole Products division due to declining construction markets. Equity in earnings of TAMCO, Ameron's 50%-owned steel mini-mill in California, decreased by $5.0 million in 2008, compared to 2007, due to the decline in the steel market.

Income from discontinued operations, net of taxes, totaled $6.1 million, or $.67 per diluted share, in 2007. In 2007, the Company completed disposition of several retained properties formerly used by the Coatings Business and recognized a net gain of $5.3 million. Also in 2007, the Company recognized a net gain of $.1 million from the final settlement of the sale of the Coatings Business, $.2 million of research and development credits and $.7 million of tax benefits.

Sales

Sales increased $36.5 million in 2008, compared to 2007. Sales increased due to higher demand for fiberglass piping, the impact of foreign exchange rates on the Company's Asian and European operations and expansion of the Company's capabilities to manufacture large-diameter wind towers, offset by lower sales into weak residential construction markets.

Fiberglass-Composite Pipe's sales increased $36.3 million, or 15.3%, in 2008, compared to 2007. Sales from operations in the U.S. increased $10.2 million in 2008 primarily due to increase demand for onshore oilfield piping which more than offset a decline in demand for industrial piping. Sales from Asian subsidiary operations increased $22.8 million in 2008, driven by activity in the industrial, marine and offshore segments and the impact of foreign exchange. Sales from European operations decreased $12.2 million in 2008 primarily due to a decline in onshore oilfield and industrial piping, partially offset by favorable foreign exchange. The Brazilian business acquired at the end of 2007 contributed sales of $16.8 million in 2008, compared to $1.3 million in 2007. The strong demand for onshore oilfield, offshore, industrial and marine piping continued to be driven by high oil prices and the high cost of steel piping, the principal substitute for fiberglass pipe, during most of the year. The Fiberglass-Composite Pipe Group began 2009 with a record order backlog which should support the beginning of 2009. However, the Group's customers in the marine, offshore and onshore oilfield markets could be at risk given the decline in oil prices, financing issues, lower transportation demand and shipping rates. While the business has not been impacted to date, oil-price volatility and general economic conditions are expected to impact the Group in 2009.

Water Transmission's sales increased $25.0 million, or 13.2%, in 2008, compared to 2007. The sales increase was driven by the Company's expansion into the market for large-diameter wind towers and by its operation in South America, which benefited from increased demand for water pipe in Colombia. Sales of water pipe into domestic markets were slightly higher. Sales of wind towers increased $19.7 million, or 42%, in 2008, compared to 2007. The water infrastructure market in the western U.S., including California, Arizona and Nevada, remains weak, with bid activity in some markets at the lowest levels in recent history. The slow market is being adversely affected by a number of factors including the normal cycle for large diameter, high pressure water transmission pipelines, governmental budget problems and overall project costs. The fundamental long-term factors that drive the market are demographics, population growth and the need for new and upgraded water infrastructure to provide adequate and reliable supplies. There are numerous projects that are in the planning and design stages that address the water infrastructure requirements of the region. These projects should eventually proceed, however, the timing of orders is uncertain. The order backlog for water pipe at November 30, 2008 totaled $62.3 million, a level which reflects the lack of recent bid activity and represents an unusually low backlog for the business. The wind tower order backlog at November 30, 2008 totaled $91 million; however, a portion of the backlog may be postponed due to current market conditions. The level of new wind tower orders recently declined due to lack of project financing.

Infrastructure Products' sales decreased $26.7 million, or 13.0%, in 2008, compared to 2007. The Company's Hawaiian division had lower sales as construction markets in Hawaii began to weaken. Pole Products was impacted by the decline in U.S. housing markets and reduced demand for concrete lighting poles. The Infrastructure Products Group is expected to continue to be impacted by the slowdown in construction spending in Hawaii and the low residential construction spending level in the western and the southeastern U.S.

Gross Profit

Gross profit in 2008 was $153.6 million, or 23.0% of sales, compared to $146.0 million, or 23.1% of sales, in 2007. Gross profit increased $7.6 million due to higher sales, as the negative impact of production inefficiencies in 2008 was offset in large part by lower LIFO reserves than in 2007. The gross profit margin decrease related to under utilization of pole production, competitive pricing pressures caused by soft market conditions and inefficient production by the Water Transmission Group, substantially offset by the Fiberglass-Composite Pipe Group's profit margin improvement.

Fiberglass-Composite Pipe Group's gross profit increased $22.5 million in 2008, compared to 2007. Profit margins improved to 39.5% in 2008, compared to 36.0% in 2007. Higher margins resulted from improvements in product and market mix, price increases and improved plant utilization. Increased sales, from higher volume and prices, generated additional gross profit of $13.1 million, while favorable product mix and operating efficiencies generated additional gross profit of $9.4 million in 2008.

Water Transmission Group's gross profit decreased $10.1 million in 2008, compared to 2007. Profit margins declined to 1.8% in 2008, compared to 7.3% in 2007. Higher sales increased profit by $1.8 million in 2008. Lower margins reduced gross profit by $11.9 million due to an unfavorable mix of projects, start-up costs associated with the expansion into wind towers, underutilization of plant capacity, production inefficiencies and pricing pressures due to market condition.

Gross profit in the Infrastructure Products Group decreased $12.4 million in 2008, compared to 2007. Profit margins declined to 21.9% in 2008, compared to 25.1% in 2007. Lower sales reduced gross profit by $6.7 million, while unfavorable plant utilization and pricing pressures due to market conditions lowered gross profit by $5.7 million in 2008.

Consolidated gross profit was $5.5 million higher in 2008 than in 2007 due to decreased reserves in 2008 associated with LIFO accounting of certain steel inventories used by the Water Transmission Group. LIFO reserves are not allocated to the operating segments.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses totaled $98.2 million, or 14.7% of sales, in 2008, compared to $97.9 million, or 15.5% of sales, in 2007. The $.3 million increase in SG&A included $3.5 million from Polyplaster and other Brazilian operations, higher stock compensation expense of $2.2 million and higher insurance expense of $1.4 million, offset by lower pension expense of $3.9 million, primarily due to improved funding of the pension plans, lower management incentive compensation of $1.5 million and lower auditing and consulting fees of $1.4 million. The reduction in SG&A as a percent of sales was due to spending controls and the leverage achieved from higher sales.

Other Income, Net

Other income was $8.2 million in 2008, compared to $6.0 million in 2007. The increase in other income in 2008 was due primarily to $1.5 million higher dividend income from affiliates and $2.7 million proceeds from insurance reimbursements, offset by $1.4 million of foreign exchange loss and $.6 million lower miscellaneous income. Other income also included royalties and fees from licensees, foreign currency transaction losses and other miscellaneous income.

Interest

Net interest income totaled $1.5 million in 2008, compared to net interest income of $1.9 million in 2007. Net interest income was lower due to lower interest on short-term investments due to lower overall interest rates, partially offset by lower outstanding debt during 2008.

Provision for Income Taxes

Income taxes increased to $17.0 million in 2008, from $10.4 million in 2007. The effective tax rate on income from continuing operations increased to 26.0% in 2008, from 18.5% in 2007. The effective tax rate in 2008 was reduced by tax benefits of $2.9 million associated with tax years no longer subject to audit and settlement of the 2005-2006 Internal Revenue Service (“IRS”) examinations. The effective tax rate in 2007 was reduced by tax benefits of $5.3 million associated with the decision to dissolve the Company’s wholly-owned United Kingdom subsidiary. Income from certain foreign operations and joint ventures is taxed at rates that are lower than the U.S. statutory tax rates. For both 2007 and 2008, the Company provided a full valuation allowance for the net operating loss carry-overs of its foreign subsidiaries except its subsidiary in the Netherlands. The Company released $1.1 million in 2008 and $3.2 million in 2007 of valuation allowance for deferred tax assets related to the Netherlands subsidiary due to profitability in 2008 and 2007 and projected future profitability.

Equity in Earnings of Joint Venture, Net of Taxes

Equity income, which consists of Ameron's share of the net income of TAMCO, decreased to $10.3 million in 2008, compared to $15.4 million in 2007. Ameron owns 50% of TAMCO, a mini-mill that produces steel rebar for the construction industry in the western U.S. Equity income is shown net of income taxes. Dividends from TAMCO were taxed at an effective rate of 9.6% in 2008 and 9.6% in 2007, reflecting the dividend exclusion provided to the Company under current tax laws. The decline in TAMCO's earnings occurred late in 2008 and was due to the difficult conditions in the steel market. TAMCO's fourth-quarter results included a $9.8 million write-down of inventory to the lower of cost or market as a result of the recent reduction in steel rebar selling prices. Demand for steel rebar in TAMCO's key markets in Nevada, California and Arizona is not expected to recover in the short term.

Income from Discontinued Operations, Net of Taxes

Income from discontinued operations totaled $6.1 million in 2007. In 2007, the Company completed disposition of several retained properties formerly used by the Coatings Business and recognized a net gain of $5.3 million. In 2007, the Company recognized a net gain of $.1 million from the final settlement of the sale of the Coatings Business. In addition, in 2007 the Company recognized $.2 million of research and development tax credits related to the retroactive application of tax legislation and $.6 million of net tax benefit due to an adjustment in tax expense related to the gain on sale of the business.

RESULTS OF OPERATIONS: 2007 COMPARED WITH 2006

General

Income from continuing operations totaled $61.1 million, or $6.73 per diluted share, on sales of $631.0 million for the year ended November 30, 2007, compared to $50.1 million, or $5.64 per diluted share, on sales of $549.2 million in 2006. All segments had higher sales, and all segments had higher profits due to generally-improved market conditions, except the Water Transmission Group. Income from continuing operations was higher due primarily to sales growth, interest income, higher equity income and a lower effective tax rate. Equity in earnings of TAMCO increased by $1.8 million in 2007, compared to 2006.

Income from discontinued operations, net of taxes, totaled $6.1 million, or $.67 per diluted share, in 2007, compared to $2.1 million, or $.24 per diluted share, in 2006.

The Fiberglass-Composite Pipe Group achieved record sales and profits in 2007 as a result of continued strong demand in the oilfield, industrial and marine piping markets worldwide. The Infrastructure Products Group had higher sales and profits due to the strong construction sector in Hawaii, which more than offset a decline in sales and profits from the Pole Products Division. The Water Transmission Group reported higher sales but a loss due to the timing of water pipe projects and the start-up costs and delays in the construction of a new wind tower manufacturing facility.

Sales

Sales increased $81.8 million in 2007, compared to 2006. Sales increased due to higher demand for marine piping, the impact of foreign exchange rates on the Company's Asian and European operations and higher demand for construction materials in Hawaii due to the continued strength in governmental and commercial construction spending.

Fiberglass-Composite Pipe's sales increased $61.1 million, or 34.6%, in 2007, compared to 2006. Sales from operations in the U.S. increased $6.9 million in 2007 primarily due to increased demand for industrial piping, which offset a decline in demand for onshore oilfield piping. Sales from Asian subsidiary operations increased $31.6 million in 2007, driven by activity in the industrial, marine and offshore segments and the impact of foreign exchange. Sales from European operations increased $21.3 million in 2007 due to growth in industrial, oilfield and marine markets and the impact of foreign exchange. The Brazilian business acquired in October 2007 contributed sales of $1.3 million. The strong demand for oilfield, industrial and marine piping continued to be driven by high oil prices and the high cost of steel piping, the principal substitute for fiberglass pipe.

Water Transmission's sales increased $15.3 million, or 8.7%, in 2007, compared to 2006. The sales increase was driven by the Company's entry into the market for large-diameter wind towers and the Group's operation in South America which benefited from increased demand for water pipe in Colombia. The demand for large-diameter water pipe in the western U.S. remained soft due to completion of projects and a cyclical lull in the building of new projects.

Infrastructure Products' sales increased $7.5 million, or 3.8%, in 2007, compared to 2006. The Company's Hawaiian division had higher sales due to improved pricing and the continued strength of the governmental, commercial and residential construction markets on Oahu and Maui. Pole Products was impacted by the decline in U.S. housing markets and reduced demand for concrete lighting poles. Sales of steel poles for highway and traffic applications increased.

Gross Profit

Gross profit in 2007 was $146.0 million, or 23.1% of sales, compared to $132.4 million, or 24.1% of sales, in 2006. Gross profit increased $13.6 million due to higher sales while the gross profit margin declined due to the reduced profitability of the Water Transmission Group.

Fiberglass-Composite Pipe Group's gross profit increased $26.9 million in 2007, compared to 2006. Profit margins improved to 36.0% in 2007, compared to 33.3% in 2006. Higher margins resulted from improvements in product and market mix, price increases and plant utilization. Increased sales volume and prices generated additional gross profit of $20.3 million, while favorable product mix and operating efficiencies generated additional gross profit of $6.6 million in 2007.

Water Transmission Group's gross profit decreased $12.4 million in 2007, compared to 2006. Profit margins declined to 7.3% in 2007, compared to 15.0% in 2006. Higher sales volume increased profit by $2.3 million in 2007. Lower margins negatively impacted gross profit by $14.7 million due to an unfavorable mix of projects, start-up costs associated with the introduction of wind towers and lower efficiencies due to lower pipe sales and the delay in construction of the wind tower plant.

Gross profit in the Infrastructure Products Group increased $4.6 million in 2007, compared to 2006. Profit margins improved to 25.1% in 2007, compared to 23.7% in 2006. Increased sales volume and prices generated additional gross profit of $1.8 million, while higher margins generated additional gross profit of $2.8 million for 2007. Higher margins resulted from price increases and operating efficiencies due to increased production levels in Hawaii.

Additionally, consolidated gross profit was $5.5 million lower in 2007 compared to the same period in 2006 due primarily to increased reserves in 2007 associated with LIFO accounting of certain steel inventories used by the Water Transmission Group.

Selling, General and Administrative Expenses

SG&A expenses totaled $97.9 million, or 15.5% of sales, in 2007, compared to $94.7 million, or 17.2% of sales, in 2006. The $3.2 million increase included higher legal fees and claims of $3.1 million, self-insurance reserves of $1.4 million, stock compensation expense of $.6 million, and commissions and administrative expense of $1.9 million associated with higher sales, offset by lower pension expense of $3.8 million primarily due to the sale of the Coatings Business and improved funding of the pension plans. The reduction in SG&A as a percent of sales was due to spending controls and the leverage achieved from higher sales.

Other Income, Net

Other income was $6.0 million in 2007, compared to $11.4 million in 2006. The decrease in other income in 2007 was due primarily to a $9.0 million gain from the sale of property in Brea, California in 2006. Other income also included royalties and fees from licensees, foreign currency transaction losses, and other miscellaneous income.

Interest

Net interest income totaled $1.9 million in 2007, compared to net interest expense of $1.7 million in 2006. Net interest income was due to higher interest income from short-term investments, lower average outstanding debt and less higher-rate, fixed-rate debt than in 2006.

Provision for Income Taxes

Income taxes decreased to $10.4 million in 2007, from $10.9 million in 2006. The effective tax rate on income from continuing operations decreased to 18.5% in 2007, from 23.0% in 2006. The effective tax rate in 2007 was reduced by tax benefits of $5.3 million associated with the decision to dissolve the Company's wholly-owned United Kingdom subsidiary. The effective tax in 2006 was reduced by tax benefits of $7.2 million primarily as a result of settlements of the 1996–1998 and 1999–2002 IRS examinations and approval of the Company's research and development credit refund claims by the Congressional Joint Committee on Taxation. For both 2006 and 2007, the Company provided a full valuation allowance for the net operating loss carry-overs of its foreign subsidiaries except its subsidiary in the Netherlands. In 2007, the Company released $3.2 million of valuation allowance related to this subsidiary due to profitability in 2007 and a change in projected profitability in the future. During the fourth quarter of 2007, the Company recognized a charge to income from continuing operations of approximately $1.2 million primarily related to an additional valuation allowance for deferred tax assets associated with the Company's subsidiary in the Netherlands.

Equity in Earnings of Joint Venture, Net of Taxes

Equity income, which consists of Ameron's share of the net income of TAMCO, increased to $15.4 million in 2007, compared to $13.6 million in 2006. Dividends from TAMCO were taxed at an effective rate of 9.6% in 2007 and 11.3% in 2006 reflecting the dividend exclusion provided to the Company under current tax laws. The improvement in TAMCO's earnings was due to increased demand for steel rebar and higher selling prices, reflecting the continued strong construction market and the high price of steel worldwide.

Income from Discontinued Operations, Net of Taxes

Income from discontinued operations totaled $6.1 million in 2007, compared to $2.1 million, in 2006. In 2007, the Company completed disposition of several retained properties formerly used by the Coatings Business and recognized a net gain of $5.3 million. In 2007, the Company recognized a net gain of $.1 million from the final settlement of the sale of the Coatings Business. In addition, the Company recognized $.2 million of research and development tax credits related to the retroactive application of tax legislation enacted in December 2006 and $.6 million of net tax benefit due to an adjustment in tax expense related to the gain on sale of the business. In 2006, the Company completed the sale of the Coatings Business, subject to final settlement of certain disputed items which were resolved in 2007, and recognized a pretax gain of $.9 million. Provision for income taxes related to the gain was $1.0 million, which resulted in a net loss on the sale of $.2 million in 2006. Income from discontinued operations before the loss on the sale of the Coatings Business, net of taxes, totaled $2.3 million for the year ended November 30, 2006. The Coatings Business generated $152.2 million of net sales in 2006.

OFF-BALANCE SHEET FINANCING

The Company does not have any off-balance sheet financing, other than listed in the Liquidity and Capital Resources section herein. All of the Company's subsidiaries are included in the financial statements, and the Company does not have relationships with any special purpose entities.

CONTINGENCIES

In April 2004, Sable Offshore Energy Inc. ("Sable"), as agent for certain owners of the Sable Offshore Energy Project, brought an action against various coatings suppliers and application contractors, including the Company and two of its subsidiaries, Ameron (UK) Limited and Ameron B.V. (collectively the "Ameron Subsidiaries"), in the Supreme Court of Nova Scotia, Canada. Sable seeks damages allegedly sustained by it resulting from performance problems with several coating systems used on the Sable Offshore Energy Project, including coatings products furnished by the Company and the Ameron Subsidiaries. Sable's originating notice and statement of claim alleged a claim for damages in an unspecified amount; however, Sable has since alleged that its claim for damages against all defendants is approximately 440 million Canadian dollars, a figure which the Company and the Ameron Subsidiaries contest. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In May 2003, Dominion Exploration and Production, Inc. and Pioneer Natural Resources USA, Inc. (collectively "Dominion") brought an action against the Company in Civil District Court for the Parish of Orleans, Louisiana as owners of an offshore production facility known as a SPAR. Dominion seeks damages allegedly sustained by it resulting from delays in delivery of the SPAR caused by the removal and replacement of certain coatings containing lead and/or lead chromate for which the manufacturer of the SPAR alleged the Company was responsible. Dominion contends that the Company made certain misrepresentations and warranties to Dominion concerning the lead-free nature of those coatings. Dominion's petition as filed alleged a claim for damages in an unspecified amount; however, Dominion's economic expert has since estimated Dominion's damages at approximately $128 million, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In July 2004, BP America Production Company (“BP America”) brought an action against the Company in the 24th Judicial District Court, Parish of Jefferson, Louisiana in connection with fiberglass pipe sold by the Company for installation in four offshore platforms constructed for BP America. The plaintiff seeks damages allegedly sustained by it resulting from claimed defects in such pipe. BP America’s petition as filed alleged a claim against the Company for rescission, products liability, negligence, breach of contract and warranty and for damages in an amount of not less than $20 million, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In June 2006, the Cawelo, California Water District (“Cawelo”) brought an action against the Company in Kern County Superior Court, California in connection with concrete pipe sold by the Company in 1995 for a wastewater recovery pipeline in such county. Cawelo seeks damages allegedly sustained by it resulting from the failure of such pipe in 2004. Cawelo’s petition as filed alleged a claim against the Company for products liability, negligence, breach of express warranty and breach of written contract and for damages in an amount of not less than $8 million, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

The Company is a defendant in a number of asbestos-related personal injury lawsuits. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposure to products previously manufactured by the Company and others. As of November 30, 2008, the Company was a defendant in 24 asbestos-related cases, compared to 36 cases (60 claimants) as of November 30, 2007. During the year ended November 30, 2008, there were 20 new asbestos-related cases, 24 cases dismissed, eight cases settled, no judgments and aggregate net costs and expenses of $.1 million. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to these cases.

The Company is subject to federal, state and local laws and regulations concerning the environment and is currently participating in administrative proceedings at several sites under these laws. While the Company finds it difficult to estimate with any certainty the total cost of remediation at the several sites, on the basis of currently available information and reserves provided, the Company believes that the outcome of such environmental regulatory proceedings will not have a material effect on the Company's financial position, cash flows, or results of operations. During the year ended November 30, 2008, the Company incurred $1.0 million of net costs and expenses related to such proceedings.

The U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") sent to the Company a Requirement To Furnish Information regarding transactions involving Iran. The Company intends to cooperate fully with OFAC on this matter. Based upon the information available to it at this time, the Company is not able to predict the outcome of this matter.

In addition, certain other claims, suits and complaints that arise in the ordinary course of business, have been filed or are pending against the Company. Management believes that these matters are either adequately reserved, covered by insurance, or would not have a material effect on the Company's financial position, cash flows or results of operations if disposed of unfavorably.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109 and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. The minimum threshold is defined in FIN No. 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN No. 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN No. 48 at adoption is to be reported as an adjustment to beginning retained earnings for the year of adoption. FIN No. 48 was effective for the first quarter of the Company's 2008 fiscal year. Prior to December 1, 2007, the Company recorded reserves related to uncertain tax positions as a current liability. Upon adoption of FIN No. 48, the Company reclassified tax reserves related to uncertain tax positions for which a cash payment was not expected within the next 12 months to noncurrent liabilities. The Company's adoption of FIN No. 48 did not require a cumulative adjustment to the opening balance of retained earnings.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and expands disclosure about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Relative to SFAS No. 157, the FASB issued FASB Staff Position ("FSP") FASB Statements ("FAS") 157-1, FAS 157-2 and FAS 157-3 in 2008. FSP FAS 157-1 amends SFAS No. 157 to exclude SFAS No. 13, "Accounting for Leases," and its related interpretive accounting pronouncements that address leasing transactions. FSP FAS 157-2 delays the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. FSP FAS 157-3 clarifies how SFAS No. 157 should be applied when valuing securities in markets that are not active. The Company adopted SFAS No. 157, as amended, effective December 1, 2007 with the exception of the application of SFAS No. 157 to non-recurring non-financial assets and non-financial liabilities. The adoption of SFAS No. 157 did not have a significant impact on the Company's financial results of operations or financial position.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," amending FASB Statement No. 87, "Employers' Accounting for Pensions," FASB Statement No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 158 requires companies to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its financial statements and to recognize changes in that status in the year in which the changes occur. SFAS No. 158 also requires a company to measure the funded status of a plan as of the date of its year-end financial statements. The Company adopted the recognition provisions of SFAS No. 158 in 2008. See Note (16) of the Notes to Consolidated Financial Statements, under Part II, Item 8, for information regarding the impact of adopting the recognition provisions of SFAS No. 158. The Company has not yet adopted the measurement provisions which are not effective until 2009. The Company is evaluating whether the adoption of the measurement provision of SFAS No. 158 will have a material effect on its consolidated financial statements.

In September 2006, the FASB issued Emerging Issues Task Force ("EITF") Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements," effective for fiscal years beginning after December 15, 2008. EITF Issue No. 06-4 requires that, for split-dollar life insurance arrangements providing a benefit to an employee extending to postretirement periods, an employer should recognize a liability for future benefits in accordance with SFAS No. 106, "Employers' Accounting For Postretirement Benefits Other Than Pensions." EITF Issue No. 06-4 requires that recognition of the effects of adoption should be either by (a) a change in accounting principle through a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption or (b) a change in accounting principle through retrospective application to all prior periods. The adoption of EITF Issue No. 06-4 is not expected to have a material effect on the Company's consolidated financial statements. The Company will adopt EITF Issue No. 06-4 in the first quarter of the fiscal year beginning December 1, 2008.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. SFAS No. 159 also provides companies the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 was adopted by the Company as of December 1, 2007. The Company irrevocably elected not to exercise the fair value option. The adoption of SFAS No. 159 did not have a material effect on the Company's consolidated financial statements.

In June 2007, the FASB issued EITF Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards," effective for fiscal years beginning after December 15, 2007. EITF Issue No. 06–11 requires on a prospective basis that the tax benefit related to dividend equivalents paid on restricted stock and restricted stock units which are expected to vest, be recorded as an increase to additional paid-in capital. The adoption of EITF Issue No. 06-11 is not expected to have a material effect on the Company's consolidated financial statements. The Company will adopt EITF Issue No. 06-11 in the first quarter of the fiscal year beginning December 1, 2008.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) amends accounting and reporting standards associated with business combinations and requires the acquiring entity to recognize the assets acquired, liabilities assumed and noncontrolling interests in the acquired entity at the date of acquisition at their fair values. In addition, SFAS No. 141(R) requires that direct costs associated with an acquisition be expensed as incurred and sets forth various other changes in accounting and reporting related to business combinations. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply SFAS No. 141(R) before that date. The first such reporting period for the Company will be the fiscal year beginning December 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 amends the accounting and reporting for noncontrolling interests in a consolidated subsidiary and the deconsolidation of a subsidiary. Included in this statement is the requirement that noncontrolling interests be reported in the equity section of the balance sheet. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The first such reporting period for the Company will be the fiscal year beginning December 1, 2009.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133," effective for fiscal years beginning after November 15, 2008, with early application encouraged. SFAS No. 161 amends and expands the disclosure requirements for derivative instruments and hedging activities by requiring enhanced disclosures about how and why the Company uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect the Company's financial position, financial performance and cash flows. The adoption of SFAS No. 161 is not expected to have a material effect on the Company's consolidated financial statements. The Company will adopt SFAS No. 161 in the first quarter of the fiscal year beginning December 1, 2008.

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," which addresses whether unvested instruments granted in share-based payment transactions that contain nonforfeitable rights to dividends or dividend equivalents are participating securities subject to the two-class method of computing earnings per share under SFAS No. 128, "Earnings Per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of FSP EITF 03-6-1 is not expected to have a material effect on the Company's consolidated financial statements.

In December 2008, the FASB issued EITF Issue No. 08-6, "Equity Method Investment Accounting Consideration," effective for fiscal years beginning after December 15, 2008. EITF Issue No. 08-6 requires an equity method investor to account for its initial investment at cost and shall not separately test an investee's underlying indefinite-lived intangible assets for impairment. It also requires an equity method investor to account for share issuance by an investee as if the investor had sold a proportionate share of its investment. The resulting gain or loss shall be recognized in earnings. The Company is evaluating whether the adoption of EITF Issue No. 08-6 will have a material effect on its consolidated financial statements.

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," amending FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits," effective for fiscal years ending after December 15, 2009. FSP FAS 132(R)-1 requires an employer to disclose investment policies and strategies, categories, fair value measurements, and significant concentration of risk among its postretirement benefit plan assets. The adoption of FSP FAS 132 (R)-1 is not expected to have a material effect on the Company's consolidated financial statements.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. From time to time, the Company borrows in various currencies to reduce the level of net assets subject to changes in foreign exchange rates or purchases foreign exchange forward and option contracts to hedge firm commitments, such as receivables and payables, denominated in foreign currencies. The Company does not use the contracts for speculative or trading purposes. At November 30, 2008, the Company had three foreign currency forward contracts expiring at various dates through January, 2009, with an aggregate fair value of $.1 million. Such instruments are carried at fair value, with related adjustments recorded in other income.

Debt Risk

The Company has variable-rate, short-term and long-term debt as well as fixed-rate, long-term debt. The fair value of the Company's fixed-rate debt is subject to changes in interest rates. The estimated fair value of the Company's variable-rate debt approximates the carrying value of such debt since the variable interest rates are market-based and the Company believes such debt could be refinanced on materially similar terms. The Company is subject to the availability of credit to support new requirements and to refinance long-term and short-term debt.

At November 30, 2008, the estimated fair value of notes payable by the Company totaling $10.0 million, with a fixed rate of 5.36% per annum, was $9.9 million. The Company is required to repay these notes in annual installments of $10.0 million in 2009. At November 30, 2008, the estimated fair value of notes payable by the Company's wholly-owned subsidiary in Singapore totaling approximately $27.1 million, with a fixed rate of 4.25% per annum, was $25.7 million. These notes must be repaid in installments of approximately $6.8 million per year beginning in 2008. The Company had $7.2 million of variable-rate industrial development bonds payable at a rate of 1.32% per annum at November 30, 2008, payable in 2016. The Company also had $8.5 million of variable-rate industrial development bonds payable at a rate of 1.32% per annum at November 30, 2008, payable in 2021. The industrial revenue bonds are supported by the Revolver.

	Expected Maturity Date						Total Outstanding As of November 30, 2008	
(Dollars in thousands)	2009	2010	2011	2012	2013	Thereafter	Recorded Value	Fair Value
Liabilities								
Long-term debt:								
Fixed-rate secured notes, payable in US$	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ 10,000	$ 9,869
Average interest rate	5.36%	-	-	-	-	-	5.36%	
Fixed-rate secured notes, payable in Singapore dollars	6,763	6,763	6,763	6,763	-	-	27,052	25,676
Average interest rate	4.25%	4.25%	4.25%	4.25%	-	-	4.25%	
Variable-rate industrial development bonds, payable in US$	-	-	-	-	-	7,200	7,200	7,200
Average interest rate	-	-	-	-	-	1.32%	1.32%	
Variable-rate industrial development bonds, payable in US$	-	-	-	-	-	8,500	8,500	8,500
Average interest rate	-	-	-	-	-	1.32%	1.32%	

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Year ended November 30, 2008	2007	2006
Sales	**$ 667,543**	$ 631,010	$ 549,180
Cost of sales	**(513,922)**	(484,981)	(416,791)
Gross profit	**153,621**	146,029	132,389
Selling, general and administrative expenses	**(98,166)**	(97,870)	(94,689)
Other income, net	**8,222**	6,030	11,397
Income from continuing operations before interest, income taxes and equity in earnings of joint venture	**63,677**	54,189	49,097
Interest income/(expense), net	**1,533**	1,927	(1,682)
Income from continuing operations before income taxes and equity in earnings of joint venture	**65,210**	56,116	47,415
Provision for income taxes	**(16,955)**	(10,359)	(10,905)
Income from continuing operations before equity in earnings of joint venture	**48,255**	45,757	36,510
Equity in earnings of joint venture, net of taxes	**10,337**	15,383	13,550
Income from continuing operations	**58,592**	61,140	50,060
Income from discontinued operations, net of taxes	**-**	6,099	2,140
Net income	**$ 58,592**	$ 67,239	$ 52,200
Basic earnings per share:			
Income from continuing operations	**$ 6.42**	$ 6.77	$ 5.73
Income from discontinued operations, net of taxes	**-**	.68	.25
Net income	**$ 6.42**	$ 7.45	$ 5.98
Diluted earnings per share:			
Income from continuing operations	**$ 6.39**	$ 6.73	$ 5.64
Income from discontinued operations, net of taxes	**-**	.67	.24
Net income	**$ 6.39**	$ 7.40	$ 5.88
Weighted-average shares (basic)	**9,124,557**	9,029,487	8,731,839
Weighted-average shares (diluted)	**9,169,056**	9,090,846	8,871,695

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

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CONSOLIDATED BALANCE SHEETS - ASSETS

(Dollars in thousands)	As of November 30, 2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	**$ 143,561**	$ 155,433
Receivables, less allowances of $7,009 in 2008 and $6,235 in 2007	**181,961**	185,335
Inventories	**95,645**	97,717
Deferred income taxes	**25,582**	22,446
Prepaid expenses and other current assets	**10,053**	12,100
Total current assets	**456,802**	473,031
Investments in joint ventures		
Equity method	**14,428**	14,677
Cost method	**3,784**	3,784
Property, plant and equipment		
Land	**38,679**	35,860
Buildings	**85,555**	75,245
Machinery and equipment	**306,177**	292,563
Construction in progress	**37,386**	24,655
Total property, plant and equipment at cost	**467,797**	428,323
Accumulated depreciation	**(261,635)**	(254,592)
Total property, plant and equipment, net	**206,162**	173,731
Deferred income taxes	**4,763**	4,202
Goodwill and intangible assets, net of accumulated amortization of $1,197 in 2008 and $1,130 in 2007	**2,108**	2,243
Other assets	**38,275**	34,144
Total assets	**$ 726,322**	$ 705,812

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

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CONSOLIDATED BALANCE SHEETS - LIABILITIES AND STOCKHOLDERS' EQUITY

(Dollars in thousands, except per share data)	As of November 30, 2008	2007
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	**$ 16,763**	$ 17,055
Trade payables	**52,613**	45,216
Accrued liabilities	**79,538**	84,436
Income taxes payable	**10,443**	11,985
Total current liabilities	**159,357**	158,692
Long-term debt, less current portion	**35,989**	57,593
Deferred income taxes	**3,806**	15,740
Other long-term liabilities	**50,050**	28,414
Total liabilities	**249,202**	260,439
Commitments and contingencies		
Stockholders' equity		
Common Stock, par value $2.50 per share, authorized 24,000,000 shares, outstanding 9,188,692 shares in 2008 and 9,138,563 shares in 2007, net of treasury shares	**29,805**	29,623
Additional paid-in capital	**54,447**	46,675
Retained earnings	**478,968**	430,925
Accumulated other comprehensive loss	**(31,475)**	(9,870)
Treasury Stock (2,733,300 shares in 2008 and 2,710,479 shares in 2007)	**(54,625)**	(51,980)
Total stockholders' equity	**477,120**	445,373
Total liabilities and stockholders' equity	**$ 726,322**	$ 705,812

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

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands)	Common Stock Shares Outstanding	Common Stock Amount	Additional Paid-in Capital	Unearned Restricted Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance, November 30, 2005	8,698,148	$ 28,450	$ 28,936	$ (2,084)	$ 326,795	$ (36,324)	$ (49,275)	$ 296,498
Net Income - 2006	-	-	-	-	52,200	-	-	52,200
Exercise of stock options	347,283	853	7,032	-	-	-	109	7,994
Foreign currency translation adjustment	-	-	-	-	-	2,330	-	2,330
Minimum pension liability adjustment, net of tax	-	-	-	-	-	6,314	-	6,314
Comprehensive income from joint venture	-	-	-	-	-	448	-	448
Cash dividends on Common Stock	-	-	-	-	(7,101)	-	-	(7,101)
Stock compensation expense	-	-	151	-	-	-	-	151
Issuance of restricted stock	51,000	128	(128)	-	-	-	-	-
Excess tax benefit related to stock-based compensation	-	-	2,469	-	-	-	-	2,469
Restricted stock compensation expense	-	-	3,124	-	-	-	-	3,124
Treasury stock purchase	(21,337)	-	-	-	-	-	(1,202)	(1,202)
Reclassification of unearned restricted stock under SFAS No. 123(R)	-	-	(2,084)	2,084	-	-	-	-
Balance, November 30, 2006	9,075,094	29,431	39,500	-	371,894	(27,232)	(50,368)	363,225
Net Income - 2007	-	-	-	-	67,239	-	-	67,239
Exercise of stock options	49,125	106	1,456	-	-	-	-	1,562
Foreign currency translation adjustment	-	-	-	-	-	8,210	-	8,210
Minimum pension liability adjustment, net of tax	-	-	-	-	-	15,237	-	15,237
Adjustment for initial adoption of SFAS No. 158, net of tax	-	-	-	-	-	(6,035)	-	(6,035)
Comprehensive income from joint venture	-	-	-	-	-	(50)	-	(50)
Cash dividends on Common Stock	-	-	-	-	(8,208)	-	-	(8,208)
Stock compensation expense	-	-	103	-	-	-	-	103
Issuance of restricted stock	34,550	86	(86)	-	-	-	-	-
Excess tax benefit related to stock-based compensation	-	-	1,955	-	-	-	-	1,955
Restricted stock compensation expense	-	-	3,747	-	-	-	-	3,747
Treasury stock purchase	(20,206)	-	-	-	-	-	(1,612)	(1,612)
Balance, November 30, 2007	9,138,563	29,623	46,675	-	430,925	(9,870)	(51,980)	445,373
Net Income - 2008	-	-	-	-	**58,592**	-	-	**58,592**
Exercise of stock options	**28,750**	**72**	**348**	-	-	-	-	**420**
Foreign currency translation adjustment	-	-	-	-	-	**(11,860)**	-	**(11,860)**
Defined benefit pension plans, net of tax								
Net prior service cost	-	-	-	-	-	**(200)**	-	**(200)**
Net actuarial loss	-	-	-	-	-	**(8,666)**	-	**(8,666)**
Forfeiture of restricted stock	-	-	**91**	-	-	-	**(91)**	-
Comprehensive income from joint venture	-	-	-	-	-	**(879)**	-	**(879)**
Cash dividends on Common Stock	-	-	-	-	**(10,549)**	-	-	**(10,549)**
Stock compensation expense	-	-	**76**	-	-	-	-	**76**
Issuance of restricted stock	**44,200**	**110**	**(110)**	-	-	-	-	-
Excess tax benefit related to stock-based compensation	-	-	**1,330**	-	-	-	-	**1,330**
Restricted stock compensation expense	-	-	**6,037**	-	-	-	-	**6,037**
Treasury stock purchase	**(22,821)**	-	-	-	-	-	**(2,554)**	**(2,554)**

Balance, November 30, 2008	**9,188,692**	**$ 29,805**	**$ 54,447**	**$ -**	**$ 478,968**	**$ (31,475)**	**$ (54,625)**	**$ 477,120**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Year ended November 30, 2008	2007	2006
Net income	**$ 58,592**	$ 67,239	$ 52,200
Foreign currency translation adjustment	**(11,860)**	8,210	2,330
Defined benefit pension plans		15,237	6,314
Net prior service cost	**(200)**	-	-
Net actuarial loss	**(8,666)**	-	-
Comprehensive (loss)/income from joint venture	**(879)**	(50)	448
Comprehensive income	**$ 36,987**	$ 90,636	$ 61,292

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year ended November 30, 2008	2007	2006
OPERATING ACTIVITIES			
Net income	**$ 58,592**	$ 67,239	$ 52,200
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**20,320**	16,993	17,270
Amortization	**89**	41	170
(Benefit)/provision for deferred income taxes	**(3,509)**	7,016	(5,631)
Earnings in excess of distributions from joint ventures	**(630)**	(227)	(276)
Loss/(gain) from sale of property, plant and equipment	**68**	17	(8,864)
(Gain)/loss from sale of discontinued operations	**-**	(5,943)	157
Stock compensation expense	**6,113**	3,850	3,275
Non-cash write-down of assets	**-**	643	-
Changes in operating assets and liabilities:			
Receivables, net	**1,381**	(21,747)	(23,284)
Inventories	**3,846**	(19,200)	(25,906)
Prepaid expenses and other current assets	**1,802**	3,847	(5,890)
Other assets	**(5,473)**	(440)	6,323
Trade payables	**8,688**	(1,626)	6,937
Accrued liabilities and income taxes payable	**(6,129)**	14,024	22,330
Other long-term liabilities and deferred income taxes	**3,272**	(1,284)	(21,968)
Net cash provided by operating activities	**88,430**	63,203	16,843
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	**1,575**	288	10,253
Proceeds from sale of discontinued operations	**-**	16,319	115,000
Acquisitions	**-**	(5,977)	(989)
Additions to property, plant and equipment	**(60,697)**	(47,697)	(34,530)
Net cash (used in)/provided by investing activities	**(59,122)**	(37,067)	89,734
FINANCING ACTIVITIES			
Net change in short-term borrowings	**-**	-	(8,333)
Issuance of debt	**-**	2,483	3,279
Repayment of debt	**(21,126)**	(12,708)	(11,069)
Dividends on Common Stock	**(10,549)**	(8,208)	(7,101)
Issuance of Common Stock	**420**	1,562	7,994
Excess tax benefits related to stock-based compensation	**1,330**	1,955	2,469
Purchase of treasury stock	**(2,554)**	(1,612)	(1,202)
Net cash used in financing activities	**(32,479)**	(16,528)	(13,963)
Effect of exchange rate changes on cash and cash equivalents	**(8,701)**	6,346	2,194
Net change in cash and cash equivalents	**(11,872)**	15,954	94,808
Cash and cash equivalents at beginning of year	**155,433**	139,479	44,671
Cash and cash equivalents at end of year	**$ 143,561**	$ 155,433	$ 139,479

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Ameron International Corporation and all wholly-owned subsidiaries ("Ameron" or the "Company"). All material intercompany accounts and transactions have been eliminated.

Reclassifications

Certain prior-year balances have been reclassified to conform with the current-year presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant estimates include revenue and costs recorded under percentage-of-completion accounting, assumptions related to benefit plans and reserves associated with management incentives, receivables, inventories, income taxes, self insurance and environmental and legal contingencies. Actual results could differ from those estimates.

Revenue Recognition

Revenue for the Fiberglass-Composite Pipe and Infrastructure Products segments is recognized when risk of ownership and title pass, primarily at the time goods are shipped, provided that an agreement exists between the customer and the Company, the price is fixed or determinable and collection is reasonably assured. Revenue is recognized for the Water Transmission Group primarily under the percentage-of-completion method, typically based on completed units of production, since products are manufactured under enforceable and binding construction contracts, are typically designed for specific applications, are not interchangeable between projects, and are not manufactured for stock. In those cases in which products are manufactured for stock or are not related to specific construction contracts, revenue is recognized under the same criteria used by the other two segments. Revenue under the percentage-of-completion method is subject to a greater level of estimation, which affects the timing of revenue recognition, costs and profits. Estimates are reviewed on a consistent basis and are adjusted periodically to reflect current expectations. Costs attributable to unpriced change orders are treated as costs of contract performance in the period, and contract revenue is recognized if recovery is probable. Disputed or unapproved change orders are treated as claims. Recognition of amounts of additional contract revenue relating to claims occurs when amounts have been received or awarded with recognition based on the percentage-of-completion methodology.

Research and Development Costs

Research and development costs, which relate primarily to the development, design and testing of products, are expensed as incurred. Such costs, which are included in selling, general and administrative expenses, were $6,723,000 in 2008, $5,724,000 in 2007, and $5,790,000 in 2006.

Environmental Clean-up Costs

The Company expenses environmental clean-up costs related to existing conditions resulting from past or current operations on a site-by-site basis. Liabilities and costs associated with these matters, as well as other pending litigation and asserted claims arising in the ordinary course of business, require estimates of future costs and judgments based on the knowledge and experience of Management and the Company’s legal counsel. When the Company's exposures can be reasonably estimated and are probable, liabilities and expenses are recorded.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and income tax bases of assets and liabilities. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to reverse. Valuation allowances are established to reduce deferred income tax assets to the amounts expected to be realized.

The Company is subject to income taxes in the U.S. and in numerous foreign jurisdictions. Judgments, estimates and assumptions are required in determining tax return reporting positions and in calculating provisions for income taxes, which are based on interpretations of tax regulations and accounting pronouncements. Liabilities are established for uncertain tax positions when it is more likely than not that such positions will be challenged and may not be sustained upon review by taxing authorities. These liabilities are established through the income tax provisions and are recorded as liabilities on the consolidated balance sheets. These liabilities are recalculated as governing laws and facts and circumstances change, such as the closing of a tax audit or the expiration of the statute of limitations for a specific exposure.

Net Income Per Share

Basic net income per share is computed on the basis of the weighted-average number of common shares outstanding during the periods presented. Diluted net income per share is computed on the basis of the weighted-average number of common shares outstanding plus the effect of outstanding stock options and restricted stock, using the treasury stock method. Following is a reconciliation of the weighted-average number of shares used in the computation of basic and diluted net income per share:

(Dollars In thousands, except per share data)	**2008**	**2007**	**2006**
Numerator:			
Income from continuing operations	**$ 58,592**	$ 61,140	$ 50,060
Income from discontinued operations, net of taxes	**-**	6,099	2,140
Net income	**$ 58,592**	$ 67,239	$ 52,200
Denominator for basic income per share:			
Weighted-average shares outstanding, basic	**9,124,557**	9,029,487	8,731,839
Denominator for diluted income per share:			
Weighted-average shares outstanding, basic	**9,124,557**	9,029,487	8,731,839
Dilutive effect of stock options and restricted stock	**44,499**	61,359	139,856
Weighted-average shares outstanding, diluted	**9,169,056**	9,090,846	8,871,695
Basic net income per share:			
Income from continuing operations	**$ 6.42**	$ 6.77	$ 5.73
Income from discontinued operations, net of taxes	**-**	.68	.25
Net income	**$ 6.42**	$ 7.45	$ 5.98
Diluted net income per share:			
Income from continuing operations	**$ 6.39**	$ 6.73	$ 5.64
Income from discontinued operations, net of taxes	**-**	.67	.24
Net income	**$ 6.39**	$ 7.40	$ 5.88

Cash and Cash Equivalents

Cash equivalents represent highly liquid investments with maturities of three months or less when purchased.

Inventory Valuation

Inventories are stated at the lower of cost or market with cost determined principally on the first-in, first-out ("FIFO") method except for certain steel inventories used by the Water Transmission Group that are valued using the last-in, first-out ("LIFO") method. Significant changes in steel levels or costs could materially impact the Company's financial statements. Reserves are established for excess, obsolete and rework inventories based on estimates of salability and forecasted future demand.

Joint Ventures

Investments in unconsolidated joint ventures or affiliates ("joint ventures") over which the Company has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus the Company's equity in undistributed earnings or losses since acquisition. Investments in joint ventures over which the Company does not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting. The Company's investment in TAMCO, a steel mini-mill in California, is accounted for under the equity method. Investments in Ameron Saudi Arabia, Ltd. and Bondstrand, Ltd. are accounted for under the cost method due to Management's current assessment of the Company's influence over these joint ventures.

Property, Plant and Equipment

Items capitalized as property, plant and equipment, including improvements to existing facilities, are recorded at cost. Construction in progress represents capital expenditures incurred for assets not yet placed in service. Capitalized interest was not material for the periods presented. Depreciation is computed principally using the straight-line method based on estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the improvement or the term of the lease. Useful lives are as follows:

	Useful Lives (in years)
Buildings	10-40
Machinery and equipment	
Autos, trucks and trailers	3-8
Cranes and tractors	5-15
Manufacturing equipment	3-15
Other	3-20

Goodwill and Intangible Assets

Intangible assets are amortized on a straight-line basis over periods ranging from three to 15 years.

The cost of an acquired business is allocated to the acquired net assets based on the estimated fair values at the date of acquisition. The excess of the cost of an acquired business over the aggregate fair value is recorded as goodwill. Goodwill is not amortized, but instead tested for impairment at least annually. Such tests require Management to make estimates about future cash flows and other factors to determine the fair value of the respective assets.

The Company reviews the recoverability of intangible and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the estimated, future, undiscounted cash flows from the use of an asset are less than its carrying value, a write-down is recorded to reduce the related asset to estimated fair value.

Self Insurance

The Company typically utilizes third-party insurance subject to varying retention levels (deductibles or self insurance) and aggregate limits. The Company is self insured for a portion of the losses and liabilities primarily associated with workers' compensation claims and general, product and vehicle liability. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of self insurance liability includes an estimate of incurred but not reported claims, based on data compiled from historical experience.

Foreign Currency Translation

The functional currencies for the Company's foreign operations are the applicable local currencies. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted-average exchange rate during the period. The resulting translation adjustments are recorded in accumulated other comprehensive income (loss). Translation adjustments arising from intercompany advances that are permanent in nature are also included in accumulated other comprehensive income (loss). Gains or losses resulting from foreign currency transactions are included in other income, net.

Derivative Financial Instruments and Risk Management

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. From time to time, derivative financial instruments, primarily foreign exchange contracts, are used by the Company to reduce those risks. The Company does not hold or issue financial or derivative financial instruments for trading or speculative purposes. As of November 30, 2008 and 2007, the Company had foreign currency forward contracts with an aggregate fair value of $63,000 and $2,000, respectively. The Company does not apply hedge accounting for these derivative financial instruments. These derivatives are not designated as hedges for accounting purposes. Net changes in fair values of the underlying instruments are recognized in earnings.

Fair Value of Financial Instruments

The fair value of financial instruments, other than long-term debt or derivatives, approximates the carrying value because of the short-term nature of such instruments.

Concentration of Credit Risk

Financial instruments that subject the Company to credit risk consist primarily of cash equivalents, trade accounts receivable, and forward foreign exchange contracts. The Company records an allowance for doubtful accounts based on historical experience and expected trends. Credit risk with respect to trade accounts receivable is generally distributed over a large number of entities comprising the Company's customer base and is geographically dispersed. The Company performs ongoing credit evaluations of its customers, maintains an allowance for doubtful accounts and, in certain instances, maintains credit insurance. The Company actively evaluates the creditworthiness of the financial institutions with which it conducts business. If the financial condition of the Company’s customers were to deteriorate, resulting in an inability to make payment, additional allowances may be required.

Stock-Based Compensation

Effective December 1, 2005, the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 123 (revised 2004), “Share-Based Payments,” using the Modified Prospective Application method. SFAS No. 123 (R) requires the Company to measure all employee stock-based compensation awards using the fair-value method and to record such expense in its consolidated financial statements as described in Note 13, herein. Under the Modified Prospective Application method, financial results for the prior periods have not been adjusted.

Other Comprehensive Loss

The components of accumulated other comprehensive loss at November 30, were as follows:

	2008			2007		
(In thousands)	**Before Tax**	**Tax Benefit**	**Net of Tax**	**Before Tax**	**Tax Benefit**	**Net of Tax**
Foreign currency translation adjustment	**$ (3,732)**	**$ -**	**$ (3,732)**	$ 8,128	$ -	$ 8,128
Comprehensive loss from TAMCO	**(2,025)**	**-**	**(2,025)**	(1,146)	-	(1,146)
Defined benefit pension plans						
Net actuarial loss	**(45,010)**	**21,322**	**(23,688)**	(24,626)	9,604	(15,022)
Net prior service cost	**(2,312)**	**282**	**(2,030)**	(3,000)	1,170	(1,830)
Accumulated other comprehensive loss	**$ (53,079)**	**$ 21,604**	**$ (31,475)**	$ (20,644)	$ 10,774	$ (9,870)

New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109 and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. The minimum threshold is defined in FIN No. 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN No. 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN No. 48 at adoption is to be reported as an adjustment to beginning retained earnings for the year of adoption. FIN No. 48 was effective for the first quarter of the Company's 2008 fiscal year. Prior to December 1, 2007, the Company recorded reserves related to uncertain tax positions as a current liability. Upon adoption of FIN No. 48, the Company reclassified tax reserves related to uncertain tax positions for which a cash payment was not expected within the next 12 months to noncurrent liabilities. The Company's adoption of FIN No. 48 did not require a cumulative adjustment to the opening balance of retained earnings.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and expands disclosure about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Relative to SFAS No. 157, the FASB issued FASB Staff Position ("FSP") FASB Statements ("FAS") 157-1, FAS 157-2 and FAS 157-3 in 2008. FSP FAS 157-1 amends SFAS No. 157 to exclude SFAS No. 13, "Accounting for Leases," and its related interpretive accounting pronouncements that address leasing transactions. FSP FAS 157-2 delays the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. FSP FAS 157-3 clarifies how SFAS No. 157 should be applied when valuing securities in markets that are not active. The Company adopted SFAS No. 157, as amended, effective December 1, 2007 with the exception of the application of SFAS No. 157 to non-recurring non-financial assets and non-financial liabilities. The adoption of SFAS No. 157 did not have a significant impact on the Company's financial results of operations or financial position. Further information about the application of SFAS No. 157 may be found in Note (19), herein.

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In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," amending FASB Statement No. 87, "Employers' Accounting for Pensions," FASB Statement No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 158 requires companies to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its financial statements and to recognize changes in that status in the year in which the changes occur. SFAS No. 158 also requires a company to measure the funded status of a plan as of the date of its year-end financial statements. The Company adopted the recognition provisions of SFAS No. 158 in 2008. See Note (16), herein, for information regarding the impact of adopting the recognition provisions of SFAS No. 158. The Company has not yet adopted the measurement provisions which are not effective until 2009. The Company is evaluating whether the adoption of the measurement provision of SFAS No. 158 will have a material effect on its consolidated financial statements.

In September 2006, the FASB issued Emerging Issues Task Force ("EITF") Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements," effective for fiscal years beginning after December 15, 2007. EITF Issue No. 06-4 requires that, for split-dollar life insurance arrangements providing a benefit to an employee extending to postretirement periods, an employer should recognize a liability for future benefits in accordance with SFAS No. 106, "Employers' Accounting For Postretirement Benefits Other Than Pensions." EITF Issue No. 06-4 requires that recognition of the effects of adoption should be either by (a) a change in accounting principle through a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption or (b) a change in accounting principle through retrospective application to all prior periods. The Company is evaluating whether the adoption of EITF Issue No. 06-4 will have a material effect on its consolidated financial statements. The Company will adopt EITF Issue No. 06-4 in the first quarter of the fiscal year beginning December 1, 2008.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. SFAS No. 159 also provides companies the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 was adopted by the Company as of December 1, 2007. The Company irrevocably elected not to exercise the fair value option. The adoption of SFAS No. 159 did not have a material effect on the Company's consolidated financial statements.

In June 2007, the FASB issued EITF Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards," effective for fiscal years beginning after December 15, 2007. EITF Issue No. 06–11 requires on a prospective basis that the tax benefit related to dividend equivalents paid on restricted stock and restricted stock units which are expected to vest, be recorded as an increase to additional paid-in capital. The adoption of EITF Issue No. 06-11 is not expected to have a material effect on the Company's consolidated financial statements. The Company will adopt EITF Issue No. 06-11 in the first quarter of the fiscal year beginning December 1, 2008.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) amends accounting and reporting standards associated with business combinations and requires the acquiring entity to recognize the assets acquired, liabilities assumed and noncontrolling interests in the acquired entity at the date of acquisition at their fair values. In addition, SFAS No. 141(R) requires that direct costs associated with an acquisition be expensed as incurred and sets forth various other changes in accounting and reporting related to business combinations. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply SFAS No. 141(R) before that date. The first such reporting period for the Company will be the fiscal year beginning December 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 amends the accounting and reporting for noncontrolling interests in a consolidated subsidiary and the deconsolidation of a subsidiary. Included in this statement is the requirement that noncontrolling interests be reported in the equity section of the balance sheet. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The first such reporting period for the Company will be the fiscal year beginning December 1, 2009.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133," effective for fiscal years beginning after November 15, 2008, with early application encouraged. SFAS No. 161 amends and expands the disclosure requirements for derivative instruments and hedging activities by requiring enhanced disclosures about how and why the Company uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect the Company's financial position, financial performance and cash flows. The adoption of SFAS No. 161 is not expected to have a material effect on the Company's consolidated financial statements. The Company will adopt SFAS No. 161 in the first quarter of the fiscal year beginning December 1, 2008.

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," which addresses whether unvested instruments granted in share-based payment transactions that contain nonforfeitable rights to dividends or dividend equivalents are participating securities subject to the two-class method of computing earnings per share under SFAS No. 128, "Earnings Per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of FSP EITF 03-6-1 is not expected to have a material effect on the Company's consolidated financial statements.

In December 2008, the FASB issued EITF Issue No. 08-6, "Equity Method Investment Accounting Consideration," effective for fiscal years beginning after December 15, 2008. EITF Issue No. 08-6 requires an equity method investor to account for its initial investment at cost and shall not separately test an investee's underlying indefinite-lived intangible assets for impairment. It also requires an equity method investor to account for share issuance by an investee as if the investor had sold a proportionate share of its investment. The resulting gain or loss shall be recognized in earnings. The Company is evaluating whether the adoption of EITF Issue No. 08-6 will have a material effect on its consolidated financial statements.

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," amending FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits," effective for fiscal years ending after December 15, 2009. FSP FAS 132(R)-1 requires an employer to disclose investment policies and strategies, categories, fair value measurements, and significant concentration of risk among its postretirement benefit plan assets. The adoption of FSP FAS 132 (R)-1 is not expected to have a material effect on the Company's consolidated financial statements.

Supplemental Cash Flow Information

(In thousands)	2008	2007	2006
Interest paid	**$ 3,256**	$ 3,996	$ 4,891
Income taxes paid	**14,862**	18,687	9,663

Business Acquisitions

The Company made no acquisitions in the fiscal year ending November 30, 2008. In October 2007, the Company acquired the business of Polyplaster, Ltda. ("Polyplaster") for $5,977,000 plus an earn out that could total $1,500,000 based on the post-acquisition performance of the acquired business. The purchase price was assigned primarily to property, plant and equipment, and inventory. Results of operations would not have been significantly different had the acquisition been completed at the beginning of periods presented. Polyplaster is a fiberglass-pipe manufacturer located in Betim, Brazil, near the city of Belo Horizonte which supplies polyester, fiberglass-pipe systems to the water, wastewater and industrial markets. This acquisition expands the Company's operations in South America. In 2006, the Company acquired the assets of Tubos Y Activos ("Tubos"), a steel fabrication operation located in Mexicali, Mexico, for $989,000. Polyplaster is included in the Fiberglass-Composite Pipe Group; Tubos is included in the Water Transmission Group.

NOTE 2 - DISCONTINUED OPERATIONS

On August 1, 2006, the Company completed the sale of its Performance Coatings & Finishes business (the "Coatings Business") to PPG Industries, Inc. ("PPG") for $115,000,000 in cash upon the closing, plus post-closing adjustments of $13,663,000, not including interest. In 2006, the Company recognized a pretax gain of $862,000 subject to the final purchase price adjustment. Provision for income tax related to the gain was $1,019,000 which resulted in a net loss of $157,000.

During 2007, the Company completed disposition of several retained properties formerly used by the Coatings Business and recognized a net gain of $5,251,000. In 2007, the Company also recognized a net gain of $107,000 resulting from the final settlement with PPG. In addition, the Company recognized $156,000 of research and development tax credits related to the Coatings Business in 2007. The 2007 tax credit was due to the retroactive application of tax legislation enacted in 2007. During the fourth quarter of 2007, the Company recognized a net tax benefit of $585,000 due to an adjustment in tax expense related to the gain on the sale of the Coatings Business. Income taxes on gain from sale of discontinued operations in 2006 reflected the allocation of sale proceeds to various taxing jurisdictions, which resulted in certain tax losses without tax benefits.

The results of operations for the discontinued business were as follows for the year ended November 30:

(In thousands)	2007	2006
Revenue from discontinued operations	$ -	$ 152,190
Income from discontinued operations before disposal, before income taxes	$ -	$ 5,308
Income taxes on income from discontinued operations	156	(3,011)
Income from discontinued operations before disposal, net of taxes	156	2,297
Gain from sale of discontinued operations, before income taxes	5,358	862
Income taxes on gain from sale of discontinued operations	585	(1,019)
Gain/(loss) on sale of discontinued operations, net of taxes	5,943	(157)
Income from discontinued operations, net of taxes	$ 6,099	$ 2,140

Prior period income statement amounts have been reclassified to present the operating results of the Coatings Business as a discontinued operation. Prior period balance sheets and cash flow statements have not been adjusted.

NOTE 3 - OTHER INCOME, NET

Other income, net was as follows for the year ended November 30:

(In thousands)	2008	2007	2006
Dividends from joint ventures-cost method	**$ 4,010**	$ 2,451	$ -
Royalties, fees and other income	**1,361**	751	887
(Loss)/gain on sale of property, plant and equipment	**(68)**	(17)	8,837
Foreign currency loss	**(1,339)**	(116)	(1,089)
Other	**4,258**	2,961	2,762
	$ 8,222	$ 6,030	$ 11,397

NOTE 4 - RECEIVABLES

Receivables were as follows at November 30:

(In thousands)	2008	2007
Trade	**$ 155,061**	$ 156,562
Joint ventures	**1,380**	2,714
Other	**32,529**	32,294
Allowances	**(7,009)**	(6,235)
	$ 181,961	$ 185,335

The Company's provision for bad debts was $4,419,000 in 2008, $3,248,000 in 2007, and $1,351,000 in 2006. Trade receivables included unbilled receivables related to the percentage-of-completion method of revenue recognition of $24,706,000 and $45,578,000 at November 30, 2008 and 2007, respectively.

NOTE 5 – INVENTORIES

Inventories were as follows at November 30:

(In thousands)	2008	2007
Finished products	**$ 44,033**	$ 41,580
Materials and supplies	**33,485**	28,246
Products in process	**18,127**	27,891
	$ 95,645	$ 97,717

Certain steel inventories used by the Water Transmission Group are valued using the LIFO method. Inventories valued using the LIFO method comprised 21.5% and 17.5% of consolidated inventories at November 30, 2008 and 2007, respectively. During 2008, inventory quantities subject to valuation using the LIFO method declined; while steel prices increased significantly. The decrease in cost of goods sold of approximately $8,233,000 associated with the liquidation of LIFO inventory quantities carried at historically lower costs was offset by an increase in cost of goods sold of approximately $6,390,000 due to the increase in steel prices. The impact was a net decrease in LIFO reserve of $1,843,000. If inventories valued using the LIFO method were valued using the FIFO method, total inventories would have increased by $7,906,000 and $9,749,000 at November 30, 2008 and 2007, respectively.

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NOTE 6 - JOINT VENTURES

Investments, advances and equity in undistributed earnings of joint ventures were as follows at November 30:

(In thousands)	2008	2007
Investment--equity method	**$ 14,428**	$ 14,677
Investments--cost method	**3,784**	3,784
	$ 18,212	$ 18,461

The Company's ownership of joint ventures is summarized below:

Products	Joint Ventures	Ownership Interest
Fiberglass pipe	Bondstrand, Ltd.	40%
Concrete pipe	Ameron Saudi Arabia, Ltd.	30%
Steel products	TAMCO	50%

Investments in joint ventures and the amount of undistributed earnings were as follows:

(In thousands)	Fiberglass Pipe	Concrete Pipe	Steel Products	Total
Cost	**$ 3,784**	**$ -**	**$ 8,482**	**$ 12,266**
Accumulated comprehensive loss from joint venture	**-**	**-**	**(2,025)**	**(2,025)**
Accumulated equity in undistributed earnings	**-**	**-**	**7,971**	**7,971**
Investment, November 30, 2008	**$ 3,784**	**$ -**	**$ 14,428**	**$ 18,212**
2008 Dividends	**$ 2,514**	**$ 1,496**	**$ 10,808**	**$ 14,818**
Cost	$ 3,784	$ -	$ 8,482	$ 12,266
Accumulated comprehensive loss from joint venture	-	-	(1,146)	(1,146)
Accumulated equity in undistributed earnings	-	-	7,341	7,341
Investment, November 30, 2007	$ 3,784	$ -	$ 14,677	$ 18,461
2007 Dividends	$ 2,451	$ -	$ 16,792	$ 19,243

The Company provides for income taxes on the undistributed earnings of its joint ventures to the extent such earnings are included in the consolidated statements of income.

The investment in TAMCO was recorded based on audited financial statements as of November 30, 2008. Condensed financial data of TAMCO, an investment which is accounted for under the equity method, were as follows:

Financial Condition (at November 30,)

(In thousands)	2008	2007
Current assets	**$ 64,168**	$ 80,167
Noncurrent assets	**47,978**	40,215
	$ 112,146	$ 120,382
Current liabilities	**$ 58,691**	$ 67,147
Noncurrent liabilities	**8,855**	8,140
Stockholders' equity	**44,600**	45,095
	$ 112,146	$ 120,382

Results of Operations (year ended November 30,)

(In thousands)	2008	2007	2006
Net sales	**$ 365,957**	$ 268,208	$ 273,036
Gross profit	**49,927**	66,494	61,336
Net income	**22,877**	34,037	30,559

TAMCO’s 2008 fourth-quarter results included a $9.8 million pretax write-down of inventory to the lower of cost or market as a result of the recent reduction in steel rebar selling prices. The Company recognized $2,025,000 and $1,146,000 in accumulated other comprehensive loss at November 30, 2008 and 2007, respectively, which represents its proportionate share of TAMCO’s accumulated other comprehensive loss.

TAMCO’s primary source of financing is a $60 million credit facility. Approximately $50 million is currently outstanding under the credit facility, which is scheduled to expire on March 1, 2009. TAMCO has received a commitment from its bank, subject to certain conditions precedent to closing, for a one year credit facility that decreases to $35 million effective May 1, 2009. Separately, TAMCO’s shareholders agreed to provide $22 million to TAMCO by February 28, 2009. The Company’s share of the funding from shareholders totals $11 million. The Company may provide additional funding to TAMCO if TAMCO is unable to finalize the bank facility or obtain other third-party financing. TAMCO's ability to issue dividends will be dependent on its future cash position and limited by terms of its financing arrangements.

Sales to joint ventures totaled $4,365,000 in 2008, $3,873,000 in 2007, and $5,888,000 in 2006.

NOTE 7 - OTHER ASSETS

Other assets were as follows at November 30:

(In thousands)	2008	2007
Cash surrender value of insurance policies	**$ 25,584**	**$ 25,294**
Assets held for sale	**2,302**	**3,599**
Other	**10,389**	**5,251**
	$ 38,275	**$ 34,144**

NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities were as follows at November 30:

(In thousands)	2008	2007
Self insurance reserves	**$ 38,159**	$ 29,877
Compensation and benefits	**21,121**	22,843
Commissions and royalties	**3,498**	1,866
Reserves for pending claims and litigation	**3,328**	2,331
Product warranties and guarantees	**3,238**	3,590
Taxes (other than income taxes)	**3,090**	3,363
Deferred Income	**1,461**	13,759
Interest	**44**	172
Other	**5,599**	6,635
	$ 79,538	$ 84,436

Deferred income related to prepayments made by customers. The net decrease from 2007 to 2008 reflected revenue recognized by the Company's Water Transmission Group as projects were completed during 2008. The Company's product warranty accrual reflects Management's estimate of probable liability associated with product warranties. The Company generally provides a standard product warranty not exceeding one year from date of purchase. Management establishes product warranty accruals based on historical experience and other currently-available information. Changes in the product warranty accrual for the year ended November 30 were as follows:

(In thousands)	2008	2007
Balance, beginning of period	**$ 3,590**	$ 3,146
Payments	**(1,925)**	(2,594)
Warranty adjustment	**(162)**	130
Warranties issued during the period	**1,735**	2,908
Balance, end of period	**$ 3,238**	$ 3,590

NOTE 9 - OTHER LONG-TERM LIABILITIES

Other long-term liabilities were as follows at November 30:

(In thousands)	2008	2007
Accrued pension cost	**$ 39,261**	$ 23,345
Taxes payable	**7,393**	-
Compensation and benefits	**3,206**	3,336
Other	**190**	1,733
	$ 50,050	$ 28,414

During 2008, the Company adopted FIN 48 which resulted in a reclassification of $7,393,000 of tax reserves related to uncertain tax positions for which a cash payment is not expected within the next 12 months to noncurrent liabilities.

NOTE 10 - INCOME TAXES

The provision for income taxes included the following for the year ended November 30:

(In thousands)	2008	2007	2006
Current			
Federal	**$ 6,605**	$ (2,678)	$ 14,615
Foreign	**12,329**	7,413	5,364
State	**1,530**	(1,392)	3,459
	$ 20,464	$ 3,343	$ 23,438
Deferred			
Federal	**$ (1,590)**	$ 10,646	$ (10,309)
Foreign	**(1,617)**	(5,078)	(386)
State	**(302)**	1,448	(1,838)
	(3,509)	7,016	(12,533)
Provision for income taxes	**$ 16,955**	$ 10,359	$ 10,905

Deferred income tax assets/(liabilities) were comprised of the following as of November 30:

(In thousands)	2008	2007
Current deferred income taxes		
Self-insurance and claims reserves	**$ 12,216**	$ 10,572
Inventories	**5,967**	5,541
Employee benefits	**4,414**	4,406
Accounts receivable	**848**	1,731
Valuation allowances	**(2,518)**	(2,641)
Other	**4,655**	2,837
Net current deferred income tax assets	**$ 25,582**	$ 22,446
Noncurrent deferred income taxes		
Net operating loss carry-overs	**$ 9,556**	$ 12,597
Pension benefit costs	**13,924**	6,134
Employee benefits	**1,549**	1,661
Investments	**(536)**	(227)
Valuation allowances	**(7,730)**	(12,969)
Property, plant and equipment	**(16,296)**	(17,277)
Other	**490**	(1,457)
Net noncurrent deferred income tax assets/(liabilities)	**$ 957**	$ (11,538)
Net deferred income tax assets	**$ 26,539**	$ 10,908

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As of November 30, 2008, the Company had foreign net operating loss carry-overs of approximately $34,900,000. A full valuation allowance has been provided against these net operating losses except for $17,000,000 of net operating losses generated by the Company's subsidiary in the Netherlands, which has shown recent profitability. The balance of the valuation allowance applies to certain foreign deferred tax assets and certain other deferred tax assets that will likely not result in a tax benefit. The net valuation allowance decreased by $5,363,000 in 2008, compared to 2007. This net decrease included a $6,479,000 decrease in the valuation allowance for foreign net operating loss carry-overs and other foreign deferred tax assets for which no benefit has been recognized. Included in this decrease was a release of $1,100,000 in 2008 and $3,200,000 in 2007 of valuation allowance related to the Company's subsidiary in the Netherlands due to profitability in 2007 and 2008, and projected profitability in the future. The decrease in 2008 was partially offset by a net increase in the valuation allowance related to executive compensation deductions.

The tax provision represents effective tax rates of 26.0%, 18.5% and 23.0% of income before income taxes for the years ended November 30, 2008, 2007 and 2006, respectively. A reconciliation of income taxes provided at the effective income tax rate and the amount computed at the federal statutory income tax rate of 35.0% is as follows for the year ended November 30:

(In thousands)	2008	2007	2006
Domestic pretax income	**$ 9,883**	$ 6,721	$ 30,036
Foreign pretax income	**55,327**	49,395	17,379
	$ 65,210	$ 56,116	$ 47,415
Taxes at federal statutory rate	**$ 22,823**	$ 19,641	$ 16,596
State taxes, net of federal tax benefit	**798**	(293)	1,053
Foreign earnings taxed at different rates, including withholding taxes	**(4,010)**	(4,782)	1,264
Percentage depletion	**(587)**	(618)	(558)
Non-deductible compensation	**2,462**	2,612	1,702
Research and development credits	**(398)**	(449)	(28)
Section 199 deduction	**(521)**	(262)	(490)
Settlement of tax examinations	**(2,920)**	(1,285)	(7,233)
Investment write-off	**-**	(4,723)	-
Other, net	**(692)**	518	(1,401)
	$ 16,955	$ 10,359	$ 10,905

The Company files tax returns in numerous jurisdictions and is subject to audit in these jurisdictions. During the year ended November 30, 2008, the Company was audited by the Internal Revenue Service ("IRS") for 2005 and 2006, with no material assessment; and the statute of limitations for 2004 expired. Although the 2005 and 2006 examinations were completed, the statutes are still open for 2005 and forward. In addition, the financial statements reflect settlements with other local and foreign jurisdictions. The net impact to the Company's financial statements as a result of these federal, foreign and local jurisdiction settlements was a reduction of $2,920,000 in income taxes payable.

During the year ended November 30, 2007, the Company was not under federal audit; and the statute of limitations for 2003 expired. In 2006, the IRS finalized its examination of the Company's 1996 through 1998 federal income tax returns as well as its returns for 1999 through 2002. The results of these examinations, which included a concurrent review of the Company's claims for research and development credits for tax years 1998-2000, are reflected in the financial statements. In addition, the financial statements reflect settlements with other local and foreign jurisdictions. The net impact to the Company's financial statements as a result of these federal, foreign and local jurisdiction settlements was a reduction of $7,233,000 in income taxes payable in 2006.

The Company intends to permanently reinvest its unrepatriated foreign earnings. The cumulative amount of undistributed earnings of foreign subsidiaries was $94,000,000 at November 30, 2008. The Company has not provided deferred taxes on the earnings, and the additional U.S. income tax on the unremitted foreign earnings, if repatriated, may be offset in whole or in part by foreign tax credits.

Prior to December 1, 2007, the Company recorded reserves related to uncertain tax positions as a current liability. Upon adoption of FIN No. 48, the Company reclassified tax reserves related to uncertain tax positions for which a cash payment is not expected within the next 12 months to noncurrent liabilities. The Company's adoption of FIN No. 48 did not require a cumulative adjustment to the opening balance of retained earnings.

A reconciliation of unrecognized tax benefits from December 1, 2007 to November 30, 2008 follows:

(In thousands)	2008
Unrecognized tax benefits at December 1, 2007	$ 13,102
Increases for positions taken in current year	1,157
Increases for positions taken in prior years	658
Decreases for positions taken in prior years	(6,557)
Decreases for settlements with taxing authorities	(145)
Decreases for lapses in the applicable statute of limitations	(799)
Unrecognized tax benefits at November 30, 2008	$ 7,416

At November 30, 2008, the total amount of gross unrecognized tax benefits, excluding interest, was $7,416,000. This amount is not reduced for offsetting benefits in other tax jurisdictions and for the benefit of future tax deductions that would arise as a result of settling such liabilities as recorded. Of this amount, $3,951,000 would reduce the Company's income tax expense and effective tax rate, after giving effect to offsetting benefits from other tax jurisdictions and resulting future deductions. At December 1, 2007, the total amount of gross unrecognized tax benefits, excluding interest, was $13,102,000.

The Company anticipates that it is reasonably possible that the total amount of unrecognized tax benefits may significantly change within the succeeding 12 months as a result of the expiration of certain state statutes of limitations for examination and the settlement of certain state audits. The Company estimates that these events could reasonably result in a possible decrease in unrecognized tax benefits of $1,233,000.

The Company accrues interest and penalties related to unrecognized tax benefits as income tax expense. Accruals totaling $1,098,000 were recorded as a liability in the Company's consolidated balance sheet at November 30, 2008, compared to $1,415,000 as of December 1, 2007.

The Company's federal income tax returns remain subject to examination for 2007 and forward. The Company files multiple state income tax returns, including California, Hawaii, Arizona and Texas, with open statutes ranging from 2000 through 2008. The Company also files multiple foreign income tax returns and remains subject to examination in multiple foreign jurisdictions, including the Netherlands, Brazil, Singapore and Malaysia, for years ranging from 1996 through 2008.

NOTE 11 - DEBT

Short-term borrowings consist of loans payable under bank credit lines. There were no short-term borrowings outstanding at November 30, 2008 and at November 30, 2007. At November 30, 2008, the equivalent of $12,573,000 was available under short-term credit lines.

Domestically, as of November 30, 2008, the Company maintained a $100,000,000 revolving credit facility with six banks (the "Revolver"). At November 30, 2008, $18,167,000 of the Revolver was utilized for standby letters of credit; therefore, $81,833,000 was available. Under the Revolver, the Company may, at its option, borrow at floating interest rates (LIBOR plus a spread ranging from .75% to 1.625% based on the Company's financial condition and performance), at any time until September 2010, when all borrowings under the Revolver must be repaid.

Foreign subsidiaries also maintain unsecured revolving credit facilities and short-term facilities with banks. Foreign subsidiaries may borrow in various currencies, at interest rates based upon specified margins over money market rates. Short-term lines permit borrowings up to $17,800,000. At November 30, 2008, there were no borrowings under these facilities.

The Company intends for short-term borrowing under certain bank facilities utilized by the Company and its foreign subsidiaries to be refinanced on a long-term basis via the Revolver. The amount available under the Revolver exceeded such short-term borrowing at November 30, 2007.

Long-term debt consisted of the following as of November 30:

(In thousands)	2008	2007
Fixed-rate notes:		
5.36%, payable in annual principal installments of $10,000	**$ 10,000**	$ 20,000
4.25%, payable in Singapore Dollars, in annual principal installments of $6,763	**27,052**	35,274
Variable-rate industrial development bonds:		
payable in 2016 (1.32% at November 30, 2008)	**7,200**	7,200
payable in 2021 (1.32% at November 30, 2008)	**8,500**	8,500
Variable-rate bank revolving credit facility	**-**	3,674
	52,752	74,648
Less current portion	**(16,763)**	(17,055)
	$ 35,989	$ 57,593

Future maturities of long-term debt were as follows as of November 30, 2008:

(In thousands)	Year ending November 30,	Amount
	2009	**$ 16,763**
	2010	**6,763**
	2011	**6,763**
	2012	**6,763**
	2013	**-**
	Thereafter	**15,700**
		$ 52,752

The Company's lending agreements contain various restrictive covenants, including the requirement to maintain specified amounts of net worth and restrictions on cash dividends, borrowings, liens, investments, guarantees, and financial covenants. The Company is required to maintain consolidated net worth of $181.4 million plus 50% of net income and 75% of proceeds from any equity issued after January 24, 2003. The Company's consolidated net worth exceeded the covenant amount by $167.9 million as of November 30, 2008. The Company is required to maintain a consolidated leverage ratio of consolidated funded indebtedness to earnings before interest, taxes, depreciation and amortization ("EBITDA") of no more than 2.5 times. At November 30, 2008, the Company maintained a consolidated leverage ratio of .54 times EBITDA. Lending agreements require that the Company maintain qualified consolidated tangible assets at least equal to the outstanding secured funded indebtedness. At November 30, 2008, qualifying tangible assets equaled 4.15 times funded indebtedness. Under the most restrictive fixed charge coverage ratio, the sum of EBITDA and rental expense less cash taxes must be at least 1.50 times the sum of interest expense, rental expense, dividends and scheduled funded debt payments. At November 30, 2008, the Company maintained such a fixed charge coverage ratio of 2.68 times. Under the most restrictive provisions of the Company's lending agreements, approximately $26.8 million of retained earnings was not restricted, at November 30, 2008, as to the declaration of cash dividends or the repurchase of Company stock. At November 30, 2008, the Company was in compliance with all covenants.

The Revolver, the 5.36% term notes and the 4.25% term notes are collateralized by substantially all of the Company's assets. The industrial revenue bonds are supported by standby letters of credit that are issued under the Revolver. The interest rate on the industrial development bonds is based on a weekly index of tax-exempt issues plus a spread of .20%. Certain note agreements contain provisions regarding the Company's ability to grant security interests or liens in association with other debt instruments. If the Company grants such a security interest or lien, then such notes will be secured equally and ratably as long as such other debt shall be secured.

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Interest income and expense were as follows for the year ended November 30:

(In thousands)	2008	2007	2006
Interest income	**$ 3,871**	$ 5,161	$ 2,899
Interest expense	**(2,338)**	(3,234)	(4,581)
Interest income/(expense), net	**$ 1,533**	$ 1,927	$ (1,682)

The following disclosure of the estimated fair value of the Company's debt is prepared in accordance with the requirements of SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The estimated fair value amounts were determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required to develop the estimated fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realized in a current market exchange.

(In thousands)	Carrying Amount	Fair Value
November 30, 2008		
Fixed-rate, long-term debt	**$ 37,052**	**$ 35,545**
Variable-rate, long-term debt	**15,700**	**15,700**
November 30, 2007		
Fixed-rate, long-term debt	$ 55,274	$ 55,444
Variable-rate, long-term debt	19,374	19,374

The Company used a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality and risk profile. The estimated fair value of the Company's fixed-rate, long-term debt is based on U.S. government notes at November 30, 2008 plus an estimated spread for similar securities with similar credit risks and remaining maturities.

NOTE 12 - LEASE COMMITMENTS

The Company leases facilities and equipment under non-cancelable operating leases. Rental expense under long-term operating leases of real property, vehicles and other equipment was $4,633,000 in 2008, $4,039,000 in 2007, and $3,774,000 in 2006. Future rental commitments were as follows as of November 30, 2008:

(In thousands)	Year ending November 30,	Amount
	2009	**$ 4,494**
	2010	**4,031**
	2011	**3,314**
	2012	**2,206**
	2013	**1,328**
	Thereafter	**20,882**
		$ 36,255

Future rental commitments for leases are not reduced by minimum non-cancelable sublease rentals aggregating $2,428,000 at November 30, 2008.

NOTE 13 - INCENTIVE STOCK COMPENSATION PLANS

As of November 30, 2008, the Company had outstanding grants under the following share-based compensation plans:

- 1994 Non-Employee Director Stock Option Plan ("1994 Plan") - The 1994 Plan was terminated in 2001, except as to the outstanding options. A total of 240,000 new shares of Common Stock were made available for awards to non-employee directors. Non-employee directors were granted options to purchase the Company's Common Stock at prices not less than 100% of market value on the date of grant. Such options vested in equal annual installments over four years and terminate ten years from the date of grant.

- 2001 Stock Incentive Plan ("2001 Plan") - The 2001 Plan was terminated in 2004, except as to the outstanding stock options and restricted stock grants. A total of 380,000 new shares of Common Stock were made available for awards to key employees and non-employee directors. The 2001 Plan served as the successor to the 1994 Plan and superseded that plan. Non-employee directors were granted options under the 2001 Plan to purchase the Company's Common Stock at prices not less than 100% of market value on the date of grant. Such options vested in equal annual installments over four years. Such options terminate ten years from the date of grant. Key employees were granted restricted stock under the 2001 Plan. Such restricted stock grants vested in equal annual installments over four years.

- 2004 Stock Incentive Plan ("2004 Plan") - The 2004 Plan serves as the successor to the 2001 Plan and supersedes that plan. A total of 525,000 new shares of Common Stock were made available for awards to key employees and non-employee directors and may include, but are not limited to, stock options and restricted stock grants. Non-employee directors were granted options under the 2004 Plan to purchase the Company's Common Stock at prices not less than 100% of market value on the date of grant. Such options vest in equal annual installments over four years and terminate ten years from the date of grant. Key employees and non-employee directors were granted restricted stock under the 2004 Plan. Such restricted stock grants typically vest in equal annual installments over three years. During the 12 months ended November 30, 2008, the Company granted 3,802 stock options to non-employee directors with a fair value on the grant date of $101,000. The Company also granted 7,200 restricted shares to non-employee directors with a fair value on the grant dates of $675,000 and 19,000 restricted shares to key employees with a fair value on the grant dates of $1,976,000. In 2007, the Company also granted to a key employee 54,000 shares of restricted stock that will vest in February of 2008, 2009, and 2010, so long as a change of control of the Company has not occurred prior to the applicable grant date and the key employee continues to be employed by the Company. The fair value on the grant date of those restricted shares was $5,395,000. Additionally, the key employee received a grant of performance stock units, pursuant to which a maximum of 24,000 shares of the Company’s Common Stock may be issued depending on the Company’s per share stock price on the date the award vests, no later than November 30, 2010. A lattice model was used with volatility rate of 38% and risk free rate of 4.04% in determining the fair value of the performance stock units. The volatility rate was calculated based on historical trading data with the anticipated life of 2.5 years. The risk-free rate was based on the contemporary yield curve between the two and three year rate. The fair value of the performance stock units on the grant date was $2,055,000, to be recognized ratably as stock compensation expense through March 31, 2010.

In addition to the above, in 2001, non-employee directors were granted options to purchase the Company's Common Stock at prices not less than 100% of market value on the date of grant. Such options vested in equal annual installments over four years and terminate ten years from the date of grant. At November 30, 2008, there were 7,000 shares subject to such stock options.

Effective December 1, 2005, the Company adopted SFAS No. 123 (revised 2004), “Share-Based Payments,” using the Modified Prospective Application method. SFAS No. 123(R) requires the Company to measure all employee stock-based compensation awards using the fair-value method and to record such expense in its consolidated financial statements. Under the Modified Prospective Application method, financial results for the prior periods have not been adjusted. Stock-based compensation expense for the year ended November 30, 2008 includes: (a) compensation expense for all stock-based compensation awards granted prior to, but not yet vested, as of December 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, “Accounting for Stock-Based Compensation,” and (b) compensation expense for all stock-based compensation awards granted subsequent to November 30, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R).

The Company's income from continuing operations before income taxes and equity in earnings of joint venture for the year ended November 30, 2008 included compensation expense of $6,113,000, related to stock-based compensation arrangements, compared to $3,850,000 in 2007 and $3,275,000 in 2006. Tax benefit related to this expense was $2,384,000 in 2008, compared to $1,502,000 in 2007 and $1,277,000 in 2006. There were no capitalized share-based compensation costs for the year ended November 30, 2008.

Tax benefits and excess tax benefits resulting from the exercise of stock options are reflected as financing cash flows in the Company's statements of cash flows. For the 12 months ended November 30, 2008, excess tax benefits totaled $1,330,000, compared to $1,955,000 in 2007.

The following table summarizes the stock option activity for the year ended November 30, 2008:

Current Year Stock-Based Compensation

Options	Number of Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at November 30, 2007	67,250	$ 28.77		
Granted	3,802	101.23		
Exercised	(34,750)	27.46		
Outstanding at November 30, 2008	**36,302**	**27.00**	**4.61**	**$ 771**
Options exercisable at November 30, 2008	**31,000**	**30.01**	**3.96**	**$ 740**

In the year ended November 30, 2008, 3,802 options were granted; and no options were forfeited or expired. The aggregate intrinsic value in the table above represents the total pretax intrinsic value, which is the difference between the Company's closing stock price on the last trading day of fiscal 2008 and the exercise price times the number of shares that would have been received by the option holders if they exercised their options on November 30, 2008. This amount will change based on the fair market value of the Company's Common Stock. The aggregate intrinsic value of stock options exercised in the years ended November 30, 2008, 2007 and 2006 was $2,414,000, $3,050,000, and $13,870,000, respectively.

As of November 30, 2008, there was $4,821,000 of total unrecognized compensation cost related to stock-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.5 years.

In the years ended November 30, 2008, 2007 and 2006, 26,200, 88,550, and 51,000 shares of restricted stock were granted, respectively. The weighted-average, grant-date fair value of such restricted stock was $101.18, $90.76, and $55.31, respectively. The fair value of vested restricted stock for the years ended November 30, 2008, 2007 and 2006 was $5,844,000, $3,562,000, and $3,973,000, respectively. In 2008, 1,667 shares of restricted stock were forfeited, with a fair value of $91,000.

Net cash proceeds from stock options exercised in the years ended November 30, 2008, 2007 and 2006 were $420,000, $1,562,000, and $7,994,000, respectively. The Company's policy is to issue shares from its authorized shares upon the exercise of stock options.

NOTE 14 - GOODWILL AND OTHER INTANGIBLE ASSETS

During 2008, the Company completed the required goodwill and intangible asset impairment tests. No impairment losses were identified as a result of these tests. Changes in the Company's carrying amount of goodwill by business segment were as follows:

(In thousands)	November 30, 2007	Foreign Currency Translation Adjustments	November 30, 2008
Fiberglass-Composite Pipe	$ 1,440		**$ 1,440**
Water Transmission	392	(32)	**360**
Infrastructure Products	201	-	**201**
	$ 2,033	$ (32)	**$ 2,001**

The Company's intangible assets, other than goodwill, and related accumulated amortization consisted of the following:

	November 30, 2008		November 30, 2007	
(In thousands)	Gross Intangible Assets	Accumulated Amortization	Gross Intangible Assets	Accumulated Amortization
Trademarks	**$ 111**	**$ (106)**	$ 113	$ (101)
Non-compete agreements	**282**	**(186)**	299	(163)
Patents	**212**	**(212)**	212	(212)
Other	**64**	**(58)**	79	(17)
	$ 669	**$ (562)**	$ 703	$ (493)

All of the Company's intangible assets, other than goodwill, are subject to amortization. Amortization expense related to intangible assets for the years ended November 30, 2008, 2007, and 2006 was $89,000, $41,000, and $170,000, respectively. At November 30, 2008, estimated future amortization expense for each year in the four-year period ending November 30, 2012 was as follows: $45,000 for 2009, $35,000 for 2010, $17,000 for 2011, and $10,000 for 2012. Amortizing intangible assets will be fully amortized by November 30, 2012.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

In April 2004, Sable Offshore Energy Inc. ("Sable"), as agent for certain owners of the Sable Offshore Energy Project, brought an action against various coatings suppliers and application contractors, including the Company and two of its subsidiaries, Ameron (UK) Limited and Ameron B.V. (collectively the "Ameron Subsidiaries"), in the Supreme Court of Nova Scotia, Canada. Sable seeks damages allegedly sustained by it resulting from performance problems with several coating systems used on the Sable Offshore Energy Project, including coatings products furnished by the Company and the Ameron Subsidiaries. Sable's originating notice and statement of claim alleged a claim for damages in an unspecified amount; however, Sable has since alleged that its claim for damages against all defendants is approximately 440,000,000 Canadian dollars, a figure which the Company and the Ameron Subsidiaries contest. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In May 2003, Dominion Exploration and Production, Inc. and Pioneer Natural Resources USA, Inc. (collectively "Dominion") brought an action against the Company in Civil District Court for the Parish of Orleans, Louisiana as owners of an offshore production facility known as a SPAR. Dominion seeks damages allegedly sustained by it resulting from delays in delivery of the SPAR caused by the removal and replacement of certain coatings containing lead and/or lead chromate for which the manufacturer of the SPAR alleged the Company was responsible. Dominion contends that the Company made certain misrepresentations and warranties to Dominion concerning the lead-free nature of those coatings. Dominion's petition as filed alleged a claim for damages in an unspecified amount; however, Dominion's economic expert has since estimated Dominion's damages at approximately $128,000,000, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In July 2004, BP America Production Company (“BP America”) brought an action against the Company in the 24th Judicial District Court, Parish of Jefferson, Louisiana in connection with fiberglass pipe sold by the Company for installation in four offshore platforms constructed for BP America. The plaintiff seeks damages allegedly sustained by it resulting from claimed defects in such pipe. BP America’s petition as filed alleged a claim against the Company for rescission, products liability, negligence, breach of contract and warranty and for damages in an amount of not less than $20,000,000, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

In June 2006, the Cawelo, California Water District (“Cawelo”) brought an action against the Company in Kern County Superior Court, California in connection with concrete pipe sold by the Company in 1995 for a wastewater recovery pipeline in such county. Cawelo seeks damages allegedly sustained by it resulting from the failure of such pipe in 2004. Cawelo’s petition as filed alleged a claim against the Company for products liability, negligence, breach of express warranty and breach of written contract and for damages in an amount of not less than $8,000,000, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company is vigorously defending itself in this action. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to this case.

The Company is a defendant in a number of asbestos-related personal injury lawsuits. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposure to products previously manufactured by the Company and others. As of November 30, 2008, the Company was a defendant in 24 asbestos-related cases, compared to 36 cases (60 claimants) as of November 30, 2007. During the year ended November 30, 2008, there were 20 new asbestos-related cases, 24 cases dismissed, eight cases settled, no judgments and aggregate net costs and expenses of $83,000. Based upon the information available to it at this time, the Company is not able to estimate the possible range of loss with respect to these cases.

The Company is subject to federal, state and local laws and regulations concerning the environment and is currently participating in administrative proceedings at several sites under these laws. While the Company finds it difficult to estimate with any certainty the total cost of remediation at the several sites, on the basis of currently available information and reserves provided, the Company believes that the outcome of such environmental regulatory proceedings will not have a material effect on the Company's financial position, cash flows, or results of operations. During the year ended November 30, 2008, the Company incurred $1,000,000 of net costs and expenses related to such proceedings.

The U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) sent to the Company a Requirement To Furnish Information regarding transactions involving Iran. The Company intends to cooperate fully with OFAC on this matter. Based upon the information available to it at this time, the Company is not able to predict the outcome of this matter.

In addition, certain other claims, suits and complaints that arise in the ordinary course of business, have been filed or are pending against the Company. Management believes that these matters are either adequately reserved, covered by insurance, or would not have a material effect on the Company's financial position, cash flows or results of operations if disposed of unfavorably.

NOTE 16 - EMPLOYEE BENEFIT PLANS

The Company has a qualified, defined benefit, noncontributory pension plan for certain U.S. employees not covered by union pension plans. The Company's subsidiary in the Netherlands provides defined retirement benefits to eligible employees. The Company also provides health and life insurance to a limited number of eligible retirees and eligible survivors of retirees.

The Company's defined benefit pension and other postretirement benefit costs and obligations are dependent on assumptions used by actuaries in calculating such amounts. These assumptions, which are reviewed annually, include discount rates, long-term expected rates of return on plan assets and expected rates of increase in compensation. Assumed discount rates, based on market interest rates on long-term fixed income debt securities of highly-rated corporations, are used to calculate the present value of benefit payments which are projected to be made in the future, including projections of increases in employees' annual compensation and health care costs. A decrease in the discount rate would increase the Company's obligation and expense. The long-term expected rate of return on plan assets is based principally on prior performance and future expectations for various types of investments as well as the expected long-term allocation of assets. Changes in the allocation of plan assets would impact the expected rate of return. The expected rate of increase in compensation is based upon movements in inflation rates as reflected by market interest rates. Benefits paid to participants are based upon age, years of credited service and average compensation or negotiated benefit rates.

Assets of the Company's U.S. defined benefit plan are invested in a directed trust. Assets in the trust are invested in domestic and foreign equity securities of corporations (including $4,310,400 of the Company's Common Stock at November 30, 2008), U.S. government obligations, derivative securities, corporate bonds and money market funds. The subsidiary in the Netherlands contracts with third-party insurance companies to pay benefits to retirees.

PENSION BENEFITS

The following sets forth the change in benefit obligation, change in plan assets, funded status and amounts recognized in the balance sheets as of November 30, 2008 and 2007 for the Company's U.S. and non-U.S. defined benefit retirement plans:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
(In thousands)	**2008**	2007	**2008**	2007
Change in Benefit Obligation				
Projected benefit obligation-beginning of year	**$ 192,410**	$ 192,504	**$ 45,908**	$ 49,066
Service cost	**2,974**	2,928	**439**	529
Interest cost	**11,553**	11,178	**2,541**	2,260
Participant contributions	**-**	-	**185**	163
Amendments	**46**	-	**-**	-
Actuarial (gain)/loss	**(19,861)**	(2,829)	**(7,429)**	(9,227)
Foreign currency exchange rate changes	**-**	-	**(6,039)**	4,333
Benefit payments	**(11,749)**	(11,371)	**(1,494)**	(1,216)
Projected benefit obligation-end of year	**$ 175,373**	$ 192,410	**$ 34,111**	$ 45,908
Accumulated Benefit Obligation	**$ 167,318**	$ 184,724	**$ 33,663**	$ 45,370
Change in Plan Assets				
Plan assets at fair value-beginning of year	**$ 183,940**	$ 166,138	**$ 34,310**	$ 31,973
Actual return on plan assets	**(34,775)**	26,142	**4,423**	(324)
Foreign currency exchange rate changes	**-**	-	**(5,810)**	3,049
Employer contributions	**3,031**	3,031	**940**	665
Participant contributions	**-**	-	**185**	163
Settlement	**-**	-	**-**	-
Benefit payments	**(11,749)**	(11,371)	**(1,494)**	(1,216)
Plan assets at fair value-end of year	**$ 140,447**	$ 183,940	**$ 32,554**	$ 34,310
Funded Status	**$ (34,926)**	$ (8,470)	**$ (1,557)**	$ (11,598)
Balance Sheet Amounts				
Noncurrent assets	**$ -**	$ -	**$ -**	$ 167
Current liabilities	**(30)**	(30)	**-**	-
Noncurrent liabilities	**(34,896)**	(8,440)	**(1,557)**	(11,765)
Net amount recognized	**$ (34,926)**	$ (8,470)	**$ (1,557)**	$ (11,598)

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The pretax amounts recognized in accumulated other comprehensive income include the following as of November 30, 2008:

(In thousands)	Pension Benefits U.S.	Pension Benefits Non-U.S.	U.S. Postretirement Benefits
Net actuarial loss	**$ 54,908**	**$ (9,662)**	$ (236)
Prior service cost/(credit)	**288**	**1,587**	437
Net amount recognized	**$ 55,196**	**$ (8,075)**	$ 201

The Company's estimates of 2009 amortization of amounts included in accumulated other comprehensive income are as follows:

(In thousands)	Pension Benefits U.S.	Pension Benefits Non-U.S.	U.S. Postretirement Benefits
Net actuarial loss	**$ 5,802**	**$ (674)**	$ -
Prior service cost/(credit)	**72**	**(263)**	-
Net amount recognized	**$ 5,874**	**$ (937)**	$ -

The Company contributed $3,000,000 to the U.S. pension plan and $940,000 to the non-U.S. pension plans in 2008. The Company expects to contribute approximately $8,500,000 to its U.S. pension plan and $1,800,000 to the non-U.S. pension plans in 2009. The increased contribution is due to the decrease in plan assets associated with declining investment markets in 2008 and to the requirement of the Pension Protection Act of 2006.

Expected future pension benefit payments, which reflect expected future service, were as follows as of November 30, 2008:

(In thousands)	Year Ending November 30,	U.S. Pension Benefits	Non-U.S. Pension Benefits
	2009	**$ 11,927**	**$ 1,299**
	2010	**12,431**	**1,538**
	2011	**12,980**	**1,575**
	2012	**13,367**	**1,686**
	2013	**13,743**	**1,823**
	2014-2018	**73,222**	**10,291**

Net periodic benefit costs for the Company's defined benefit retirement plans for 2008, 2007 and 2006 included the following components:

(In thousands)	U.S. Pension Benefits 2008	2007	2006	Non-U.S. Pension Benefits 2008	2007	2006
Service cost	**$ 2,974**	$ 2,928	$ 3,255	**$ 439**	$ 529	$ 1,101
Interest cost	**11,553**	11,178	10,198	**2,541**	2,260	1,870
Expected return on plan assets	**(15,713)**	(14,172)	(12,210)	**(1,692)**	(1,680)	(1,433)
Amortization of unrecognized prior service cost	**117**	113	104	**306**	281	488
Curtailment	-	-	325	-	-	2,911
Amortization of unrecognized net transition obligation	-	-	-	-	151	317
Amortization of accumulated loss	**1,134**	3,904	4,434	-	-	-
Other, net	-	-	-	-	-	610
Net periodic cost	**$ 65**	$ 3,951	$ 6,106	**$ 1,594**	$ 1,541	$ 5,864

The following table provides the weighted-average assumptions used to compute the actuarial present value of projected benefit obligations:

	U.S. Pension Benefits			Non-U.S. Pension Benefits		
	2008	2007	2006	**2008**	2007	2006
Weighted-average discount rate	**7.29%**	6.15%	5.95%	**6.70%**	5.60%	4.50%
Rate of increase in compensation levels	**4.25%**	3.65%	3.45%	**2.25%**	2.00%	2.00%

The following table provides the weighted-average assumptions used to compute the actuarial net periodic benefit cost:

	U.S. Pension Benefits			Non-U.S. Pension Benefits		
	2008	2007	2006	**2008**	2007	2006
Weighted-average discount rate	**6.15%**	5.95%	5.60%	**5.60%**	4.50%	4.00%
Expected long-term rate of return on plan assets	**8.75%**	8.75%	8.75%	**4.80%**	5.00%	5.20%
Rate of increase in compensation levels	**3.65%**	3.45%	3.10%	**2.00%**	2.00%	2.00%

The discount rate was determined by projecting the plan's expected future benefit payments as defined for the projected benefit obligation, discounting those expected payments using a theoretical zero-coupon spot yield curve derived from high-quality corporate bonds currently available as of the plan measurement date, and solving for the single equivalent discount rate that resulted in the same projected benefit obligation.

The expected long-term rate of return on plan assets was determined based on historical and expected future returns of the various asset classes in which the Company expects the pension funds to be invested. The expected returns by asset class were as follows, as of November 30, 2008:

	U.S. Pension Benefits	Non-U.S. Pension Benefits
Equity securities	**10%**	**8%**
Debt securities	**5%**	**5%**
Real estate	**-**	**7%**
Other	**-**	**5%**

At November 30, 2008, the Company decreased the long-term rate of return on assets assumption to 8.50% to reflect current expectations for future returns in the equity markets.

The following table shows the Company's target allocation range for the U.S. defined benefit pension plan, along with the actual allocations, as of November 30:

	Target	2008	2007
Domestic equities	65%	**64%**	71%
International equities	10%	**9%**	11%
Fixed-income securities	25%	**27%**	18%
Total	100%	**100%**	100%

Approximately 14% of the Company's employees are covered by union-sponsored, collectively-bargained, multi-employer pension plans. Related to these plans, the Company contributed and charged to expense $1,000,000, $2,000,000, and $3,000,000 in 2008, 2007, and 2006, respectively. These contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of hours worked. The Company has no intention of withdrawing from any of these plans, nor is there any intention to terminate such plans.

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The Company provides to certain employees a savings plan under Section 401(k) of the U.S. Internal Revenue Code. The savings plan allows for deferral of income through contributions to the plan, within certain restrictions. Company matching contributions are in the form of cash. In 2008, 2007, and 2006, the Company recorded expense for matching contributions of $296,000, $648,000, and $1,387,000 respectively.

POSTRETIREMENT BENEFITS

The following sets forth the change in benefit obligation, change in plan assets, funded status and amounts recognized in the balance sheets as of November 30, 2008 and 2007 for the Company's U.S. postretirement health care and life insurance benefits. The measurement date of plan assets and obligations is October 1 for each year presented.

	U.S. Postretirement Benefits	
(In thousands)	**2008**	2007
Change in Benefit Obligation		
Projected benefit obligation-beginning of year	**$ 3,504**	$ 3,492
Service cost	**96**	88
Interest cost	**209**	202
Actuarial gain	**(522)**	(149)
Benefit payments	**(139)**	(129)
Projected benefit obligation-end of year	**$ 3,148**	$ 3,504
Change in Plan Assets		
Plan assets at fair value-beginning of year	**$ 365**	$ 396
Actual return on plan assets	**10**	1
Benefit payments	**(33)**	(32)
Plan assets at fair value-end of year	**$ 342**	$ 365
Funded Status	**$ (2,806)**	$ (3,139)
Balance Sheet Amounts		
Noncurrent liabilities	**$ (2,806)**	$ (3,139)

Expected future benefit payments, which reflect expected future service, were as follows as of November 30, 2008:

(In thousands)	**Year Ending November 30,**	**U.S. Post-Retirement Benefits**
	2009	$ 225
	2010	233
	2011	230
	2012	214
	2013	232
	2014 - 2018	1,415

Net periodic benefit costs for the Company's postretirement health care and life insurance benefits for 2008, 2007 and 2006 included the following components:

	U.S. Postretirement Benefits		
(In thousands)	**2008**	2007	2006
Service cost	**$ 96**	$ 88	$ 78
Interest cost	**209**	202	179
Expected return on plan assets	**(32)**	(35)	(27)
Amortization of unrecognized prior service cost/(gain)	**19**	19	(14)
Amortization of unrecognized net transition obligation	**46**	46	46
Amortization of accumulated loss	**11**	15	41
Net periodic cost	**$ 349**	$ 335	$ 303

The following table provides the weighted-average assumptions used to compute the actuarial present value of projected benefit obligations:

	U.S. Postretirement Benefits		
	2008	2007	2006
Weighted-average discount rate	**7.29%**	6.15%	5.95%
Rate of increase in compensation levels	**4.25%**	3.65%	3.45%

The following table provides the weighted-average assumptions used to compute the actuarial net periodic benefit cost:

	U.S. Postretirement Benefits		
	2008	2007	2006
Weighted-average discount rate	**6.15%**	5.95%	5.60%
Rate of increase in compensation levels	**3.65%**	3.45%	3.10%

The assumed health care cost trend decreased from 10% to 9% in 2008, and it is assumed that the rate will decline gradually to 5% by 2012 and beyond. The effect of a one-percentage-point change in the assumed health care cost trend would have changed the amounts of the benefit obligation and the sum of the service cost and interest cost components of postretirement benefit expense for 2008, as follows:

(In thousands)	**1 % Increase**	**1 % Decrease**
Effect on total of service and interest cost components of net periodic expense	$ 16	$ (15)
Effect on postretirement benefit obligation	120	(106)

The Company provides life insurance to eligible executives with life insurance protection equal to three times base salary. Upon retirement, the executive is provided with life insurance protection equal to final base salary. There were no expenses related to this plan in 2008, 2007, or 2006.

The Company has severance agreements with certain key employees that could provide benefits upon termination of up to three times total annual compensation of such employees.

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NOTE 17 - CAPITAL STOCK

The Company is incorporated in Delaware. The articles of incorporation authorize 24,000,000 shares of $2.50 par value Common Stock, 1,000,000 shares of $1.00 par value preferred stock and 100,000 shares of $1.00 par value series A junior participating cumulative preferred stock. The preferred stock may be issued in series, with the rights and preferences of each series to be established by the Board of Directors. As of November 30, 2008, no shares of preferred stock or series A junior participating cumulative preferred stock were outstanding.

As of November 30, 2008, 9,188,692 shares of Common Stock were issued and outstanding, including 65,770 restricted shares. Restrictions limit the sale and transfer of these shares. On each anniversary of the grant date, a percentage of the shares (determined at the time of the grant) become unrestricted. The restrictions are scheduled to lapse as follows: 34,435 shares will become unrestricted in 2009, 21,101 shares in 2010, and 10,234 shares in 2011.

NOTE 18 - SEGMENT INFORMATION

SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," requires disclosure of certain information about operating segments, geographic areas in which the Company operates, major customers, and products and services. In accordance with SFAS No. 131, the Company has determined it has four operating and three reportable segments: Fiberglass-Composite Pipe, Water Transmission and Infrastructure Products. The Fiberglass-Composite Pipe Group manufactures and markets filament-wound and molded composite fiberglass pipe, tubing, fittings and well screens. The Water Transmission Group manufactures and supplies concrete and steel pressure pipe, concrete non-pressure pipe, protective linings for pipe, and fabricated products including wind towers. The Infrastructure Products Group consists of two operating segments, the Pole Products and Hawaii Divisions, and manufactures and sells ready-mix concrete, sand and aggregates, concrete pipe and culverts, and concrete and steel lighting and traffic poles. In the prior periods, the Company included a fourth reportable segment, Performance Coatings & Finishes, which was sold August 1, 2006. The results from this segment are reported as discontinued operations for all reporting periods. Each of these segments has a dedicated management team and is managed separately, primarily because of differences in products. TAMCO, the Company's equity method investment, is not included in any of these segments. The Company’s Chief Operating Decision Maker is the Chief Executive Officer who primarily reviews sales and income before interest, income taxes and equity in earnings of joint venture for each operating segment in making decisions about allocating resources and assessing performance. The Company allocates certain selling, general and administrative expenses to operating segments utilizing assumptions believed to be appropriate in the circumstances. Costs of shared services (e.g., costs of Company-wide insurance programs or benefit plans) are allocated to the operating segments based on revenue, wages or net assets employed. Other items not related to current operations or of an unusual nature, such as adjustments to reflect inventory balances of certain steel inventories under the last-in, first-out (“LIFO”) method, certain unusual legal costs and expenses, interest expense and income taxes, are not allocated to the reportable segments.

The markets served by the Fiberglass-Composite Pipe Group are worldwide in scope. The Water Transmission Group serves primarily the western U.S. The Infrastructure Products Group's quarry and ready-mix business operates exclusively in Hawaii, and poles are sold throughout the U.S. Sales for export or to any individual customer did not exceed 10% of consolidated sales in 2008, 2007 or 2006.

In accordance with SFAS No. 131, the following table presents information related to each operating segment included in, and in a manner consistent with, internal management reports. Inter-segment sales were not significant. Total assets by segment are those assets that are used exclusively by such segment. Unallocated assets are principally cash, corporate property and equipment, and investments. Long-lived assets consist of all long-term assets, excluding investments, goodwill, intangible assets, and deferred tax assets.

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

	SEGMENT INFORMATION						
(In thousands)	Fiberglass-Composite Pipe	Water Transmission	Infrastructure Products	Other	Discontinued Operations	Eliminations	Total
2008							
Sales	**$ 274,129**	**$ 215,308**	**$ 179,059**	**$ -**	**$ -**	**$ (953)**	**$ 667,543**
Income from continuing operations before interest, income taxes and equity in earnings of joint venture	**80,994**	**(9,212)**	**25,535**	**(33,640)**	**-**	**-**	**63,677**
Equity in earnings of joint venture, net of taxes	**-**	**-**	**-**	**10,337**	**-**	**-**	**10,337**
Income from joint ventures - cost method	**2,514**	**1,496**	**-**	**-**	**-**	**-**	**4,010**
Investments in joint ventures							
Equity method	**-**	**-**	**-**	**14,428**	**-**	**-**	**14,428**
Cost method	**3,784**	**-**	**-**	**-**	**-**	**-**	**3,784**
Long-lived assets	**52,314**	**94,518**	**60,581**	**37,131**	**(107)**	**-**	**244,437**
Total assets	**303,672**	**235,664**	**107,792**	**227,399**	**144**	**(148,349)**	**726,322**
Capital expenditures	**23,269**	**25,457**	**10,548**	**1,897**	**(474)**	**-**	**60,697**
Depreciation and amortization	**5,833**	**7,729**	**5,987**	**860**	**-**	**-**	**20,409**
2007							
Sales	237,850	190,261	205,711	-	-	(2,812)	631,010
Income from continuing operations before interest, income taxes and equity in earnings of joint venture	62,347	(6,026)	35,929	(38,061)	-	-	54,189
Equity in earnings of joint venture, net of taxes	-	-	-	15,383	-	-	15,383
Income from joint ventures - cost method	2,451	-	-	-	-	-	2,451
Investments in joint ventures							
Equity method	-	-	-	14,677	-	-	14,677
Cost method	3,784	-	-	-	-	-	3,784
Long-lived assets	42,270	77,429	53,747	34,536	(107)	-	207,875
Total assets	260,567	218,247	103,993	226,239	144	(103,378)	705,812
Capital expenditures	6,810	31,219	8,675	993	-	-	47,697
Depreciation and amortization	5,294	4,911	5,891	938	-	-	17,034
2006							
Sales	176,721	174,986	198,177	-	-	(704)	549,180
Income from continuing operations before interest, income taxes and equity in earnings of joint venture	37,804	7,577	30,607	(26,891)	-	-	49,097
Equity in earnings of joint venture, net of taxes	-	-	-	13,550	-	-	13,550
Income from joint ventures - cost method	-	-	-	-	-	-	-
Investments in joint ventures							
Equity method	-	-	-	14,501	-	-	14, 501
Cost method	3,784	-	-	-	-	-	3,784
Long-lived assets	31,957	51,041	48,796	47,561	-	-	179,355
Total assets	206,326	167,463	97,249	252,710	-	(107,397)	616,351
Capital expenditures	4,558	16,502	10,659	(236)	4,036	-	35,519
Depreciation and amortization	4,685	4,000	4,509	609	3,637	-	17,440

	GEOGRAPHIC AREAS					
(In thousands)	United States	Europe	Asia	Other	Eliminations	Total
2008						
Sales to external customers	**$ 459,840**	**$ 35,694**	**$ 135,057**	**$ 37,905**	**$ (953)**	**$ 667,543**
Long-lived assets	**197,159**	**7,811**	**25,764**	**13,703**	**-**	**244,437**
Total assets	**610,102**	**44,463**	**198,491**	**21,615**	**(148,349)**	**726,322**
2007						
Sales to external customers	453,705	47,844	112,306	19,967	(2,812)	631,010
Long-lived assets	165,144	10,110	24,115	8,506	-	207,875
Total assets	452,697	53,718	246,742	56,033	(103,378)	705,812
2006						
Sales to external customers	432,670	26,545	80,726	9,239	-	549,180
Long-lived assets	154,882	15,229	20,866	(11,622)	-	179,355
Total assets	538,254	50,785	139,514	(4,805)	(107,397)	616,351

NOTE 19 – FAIR VALUE MEASUREMENT

Effective December 1, 2007, the Company adopted SFAS No. 157, which provides a framework for measuring fair value under GAAP. As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that the Company believes market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable.

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company is able to classify fair value balances based on the observability of those inputs.

SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy defined by SFAS No. 157 are as follows:

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and U.S. government treasury securities.

Level 2 Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives such as over-the-counter forwards, options and repurchase agreements.

Level 3 Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in Management's best estimate of fair value from the perspective of a market participant. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs. At each balance sheet date, the Company performs an analysis of all instruments subject to SFAS No. 157 and includes in Level 3 all of those whose fair value is based on significant unobservable inputs.

Assets and liabilities measured at fair value on a recurring basis include the following as of November 30, 2008:

(In thousands)	Fair Value Measurements Using Level 1	Level 2	Level 3	Liabilities At Fair Value
Liabilities				
Derivative liabilities	$ -	$ 63	$ -	**$ 63**
Total liabilities	$ -	$ 63	$ -	**$ 63**

Derivatives

The Company and its subsidiaries complete transactions in currencies other than their functional currencies. The Company's primary objective with respect to currency risk is to reduce net income volatility that would otherwise occur due to exchange-rate fluctuations. In order to minimize the risk of gain or loss due to exchange rates, the Company uses foreign currency derivatives. As of November 30, 2008, the Company held one foreign currency forward contract aggregating $500,000, hedging U.S. dollars to Singapore dollars, and two contracts aggregating $769,000, hedging U.S. dollars to Euros. As of November 30, 2008, such instruments had a combined fair value loss of $63,000 based on quotations from financial institutions.

SUPPLEMENTARY DATA - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the years ended November 30, 2008 and 2007, follow:

(In thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Sales	**$ 149,769**	**$ 159,793**	**$ 170,107**	**$ 187,874**
Gross profit	**33,452**	**39,746**	**37,455**	**42,968**
Income from continuing operations, net of taxes	**9,737**	**16,333**	**14,998**	**17,524**
Income from discontinued operations, net of taxes	**-**	**-**	**-**	**-**
Net income	**9,737**	**16,333**	**14,998**	**17,524**
Diluted net income per share:				
Income from continuing operations, net of taxes	**1.07**	**1.78**	**1.63**	**1.91**
Income from discontinued operations, net of taxes	**-**	**-**	**-**	**-**
Net income	**1.07**	**1.78**	**1.63**	**1.91**
Stock price per share-high	**110.84**	**122.79**	**130.51**	**117.38**
Stock price per share-low	**79.06**	**88.52**	**109.50**	**33.30**
Dividends per share	**.25**	**.30**	**.30**	**.30**
2007				
Sales	120,355	156,756	165,048	188,851
Gross profit	25,320	40,762	37,001	42,946
Income from continuing operations, net of taxes	8,312	14,813	20,659	17,356
Income from discontinued operations, net of taxes	156	990	463	4,490
Net income	8,468	15,803	21,122	21,846
Diluted net income per share:				
Income from continuing operations, net of taxes	.92	1.63	2.27	1.90
Income from discontinued operations, net of taxes	.02	.11	.05	.49
Net income	.94	1.74	2.32	2.39
Stock price per share-high	84.25	81.28	109.60	109.16
Stock price per share-low	71.57	64.35	76.02	85.10
Dividends per share	.20	.20	.25	.25

The Company traditionally experiences lower sales during the first fiscal quarter because of seasonal patterns associated with weather and contractor schedules.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ameron International Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity, of comprehensive income and of cash flows present fairly, in all material respects, the financial position of Ameron International Corporation and its subsidiaries at November 30, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(1) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2008, based on criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's Management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by Management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 and Note 10 to the consolidated financial statements, the Company changed the manner in which it accounts for income taxes in 2008. As discussed in Note 1 and Note 16 to the consolidated financial statements, the Company changed the manner in which it accounts for defined benefit pension and other postretirement benefit plans in 2007.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
January 29, 2009

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ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Management established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors.

The Company carried out an evaluation, under the supervision and with the participation of the Company's Management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of November 30, 2008 pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective. “Disclosure controls and procedures” are the controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. “Disclosure controls and procedures” include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its Exchange Act reports is accumulated and communicated to the issuer’s management, including its principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure. No changes were made in the Company's internal control over financial reporting during the fiscal quarter ended November 30, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting. Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Under the supervision and with the participation of Management, including the principal executive officer and principal financial officer, Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on Management's evaluation under the framework in *Internal Control - Integrated Framework,* Management concluded that internal control over financial reporting was effective as of November 30, 2008. The effectiveness of the Company’s internal control over financial reporting as of November 30, 2008 was audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

ITEM 9B - OTHER INFORMATION

None.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to the directors, the Audit Committee of the Board of Directors, and the audit committee financial expert, is contained in the Company's Proxy Statement. Such information is incorporated herein by reference. The Board of Directors of the Company has a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act. The members of that audit committee are identified in the Company's Proxy Statement under the section captioned "The Board and Its Committees." Such information is incorporated herein by reference. The Board of Directors has determined that one of the members of its Audit Committee, William D. Horsfall, is an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K.

Information with respect to the executive officers who are not directors of the Company is located in Part I, Item 4 of this report.

The Company has adopted a Code of Business Conduct and Ethics (the "Code") that applies to directors, officers and employees of the Company, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Copies of the Code, as well as each of the Company's Corporate Governance Guidelines and charters of the Audit, the Compensation and the Nominating & Corporate Governance committees of its Board of Directors are available on the Company's website, located at www.ameron.com, and are available in print to stockholders upon written request to the Secretary of the Company at the Company's headquarters address.

ITEM 11 - EXECUTIVE COMPENSATION

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

* The information required by Items 11, 12, 13 and 14 is contained in the Company's Proxy Statement. Such information is incorporated herein by reference.

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PART IV

ITEM 15 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) CONSOLIDATED FINANCIAL STATEMENTS:

The following financial statements are included in this Annual Report on Form 10-K in Part II, Item 8:

Consolidated Statements of Income for the years ended November 30, 2008, 2007 and 2006.
Consolidated Balance Sheets as of November 30, 2008 and 2007.
Consolidated Statements of Stockholders' Equity for the years ended November 30, 2008, 2007 and 2006.
Consolidated Statements of Comprehensive Income for the years ended November 30, 2008, 2007 and 2006.
Consolidated Statements of Cash Flows for the years ended November 30, 2008, 2007 and 2006.
Notes to Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm

(2) FINANCIAL STATEMENT SCHEDULES

The following additional financial data should be read in conjunction with the Consolidated Financial Statements. Schedules not included with this additional financial data are omitted because they are either not applicable, not required, not significant, or the required information is provided in the Consolidated Financial Statements under Financial Statements and Supplementary Data, under Part II, Item 8.

SCHEDULE NO.	DESCRIPTION OF SCHEDULE
II	Valuation and Qualifying Accounts and Reserves

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(3) EXHIBITS:

The following exhibits are filed with this Annual Report on Form 10-K:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
3.1	Certificate of Incorporation, effective March 29,2004
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated September 26, 2008)
4.1	Credit Agreement dated as of January 24, 2003*
4.2	Amended and Restated Note Purchase Agreement dated January 24, 2003, re: $50,000,000 5.36% Senior Secured Notes due November 30, 2009*
4.3	Note Purchase Agreement dated November 25, 2005, re: SGD 51,000,000 4.25% Senior Secured Notes due November 25, 2012*
4.4	Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of the Company and consolidated subsidiaries.*
10.1	Amended and Restated Employment Agreement between James S. Marlen and the Company (incorporated by reference to Exhibit 10(1) to the Company's Annual Report on Form 10-K for the year ended November 30, 2003)**
10.2	First Amendment to Amended and Restated Employment Agreement between James S. Marlen and the Company (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated September 21, 2007)**
10.3	Performance Stock Unit Agreement between James S. Marlen and the Company (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated September 21, 2007)**
10.4	Change of Control Agreement between Javier Solis and the Company (incorporated by reference to Exhibit 10(2) to the Company's Annual Report on Form 10-K for the year ended November 30, 1998)**
10.5	Amendment to Change of Control Agreement between Javier Solis and the Company (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated December 17, 2008)**
10.6	Change of Control Agreement between Gary Wagner and the Company (incorporated by reference to Exhibit 10(3) to the Company's Annual Report on Form 10-K for the year ended November 30, 1998)**
10.7	Amendment to Change of Control Agreement between Gary Wagner and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 17, 2008)**
10.8	Change of Control Agreement between James R. McLaughlin and the Company (incorporated by reference to Exhibit 10(5) to the Company's Annual Report on Form 10-K for the year ended November 30, 2000)**
10.9	Amendment to Change of Control Agreement between James R. McLaughlin and the Company (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 17, 2008)**
10.10	Change of Control Agreement between Stephen E. Johnson and the Company (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated December 17, 2008)**
10.11	2001 Stock Incentive Plan (incorporated by reference to Exhibit 2 to the Company's Proxy Statement for the Annual Meeting of Stockholders held on March 21, 2001)**
10.12	2004 Stock Incentive Plan (incorporated by reference to Exhibit E to the Company's Proxy Statement for the Annual Meeting of Stockholders held on March 24, 2004)**
10.13	Key Executive Long-Term Cash Incentive Plan (incorporated by reference to Exhibit C to the Company's Proxy Statement for the Annual Meeting of Stockholders held on March 26, 2008)**
10.14	Form of Restricted Stock Agreement for Employees (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated January 27, 2006)**
10.15	Form of Restricted Stock Agreement for Non-Employee Directors (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated March 23, 2006)**
21	Subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers LLP
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32	Section 906 Certification of Chief Executive Officer and Chief Financial Officer
**	Filed herewith
**	Compensatory plan or arrangement

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AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE YEAR ENDED NOVEMBER 30, 2008
(In thousands)

Classification	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions, Payments And Write-offs	Reclassifications and Other	Balance at End of Year
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for doubtful accounts	$6,235	$4,419	$(3,533)	$(112) *	$7,009

* Translation adjustment.

FOR THE YEAR ENDED NOVEMBER 30, 2007
(In thousands)

Classification	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions, Payments And Write-offs	Reclassifications and Other	Balance at End of Year
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for doubtful accounts	$4,912	$3,248	$(2,212)	$287 *	$6,235

* Translation adjustment.

FOR THE YEAR ENDED NOVEMBER 30, 2006
(In thousands)

Classification	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions, Payments And Write-offs	Reclassifications and Other	Balance at End of Year
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for doubtful accounts	$7,693	$1,351	$(1,339)	$(2,793) *	$4,912

* Amount primarily consisted of allowance for doubtful accounts eliminated due to the sale of the discontinued operations.

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

SIGNATURES

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

AMERON INTERNATIONAL CORPORATION

By: /s/ Stephen E. Johnson
Stephen E. Johnson, Senior Vice President & Secretary

Date: January 29, 2009

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

Date: 1-29-09	*/s/ James S. Marlen* *James S. Marlen*	*Director, Chairman of the Board, and Chief Executive Officer (Principal Executive Officer)*
Date: 1-29-09	*/s/ James R. McLaughlin* *James R. McLaughlin*	*Senior Vice President, Chief Financial Officer & Treasurer (Principal Financial & Accounting Officer)*
Date: 1-29-09	*/s/David Davenport* *David Davenport*	*Director*
Date: 1-29-09	*/s/J. Michael Hagan* *J. Michael Hagan*	*Director*
Date: 1-29-09	*/s/Terry L.Haines* *Terry L. Haines*	*Director*
Date: 1-29-09	*/s/William D. Horsfall* *William D. Horsfall*	*Director*
Date: 1-29-09	*/s/John E. Peppercorn* *John E. Peppercorn*	*Director*
Date: 1-29-09	*/s/Dennis C. Poulsen* *Dennis C. Poulsen*	*Director*

EXECUTION COPY

CREDIT AGREEMENT

Dated as of January 24, 2003

among

AMERON INTERNATIONAL CORPORATION,
as the Borrower,

and
The Subsidiaries of the Borrower
from time to time party hereto,
as Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent and L/C Issuer,

BNP PARIBAS,
as Syndication Agent,

and

The Other Lenders Party Hereto

BANC OF AMERICA SECURITIES LLC

and

BNP PARIBAS,
as
Co-Lead Arrangers and Joint Book Managers

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SIGNATURES

SCHEDULES

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CREDIT AGREEMENT

This CREDIT AGREEMENT (as amended, modified, restated or supplemented from time to time, the "Agreement") is entered into as of January 24, 2003 by and among AMERON INTERNATIONAL CORPORATION, a Delaware corporation (together with any permitted successors and assigns, the "Borrower"), the Subsidiary Guarantors (as defined herein), the Lenders (as defined herein), and BANK OF AMERICA, N.A., as Administrative Agent and L/C Issuer (each, as defined herein).

The Borrower has requested that the Lenders provide credit facilities in an aggregate amount of $100,000,000 (the "Credit Facilities ") for the purposes hereinafter set forth, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

"1996 Note Purchase Agreement" means that certain Note Purchase Agreement dated August 28, 1996 among the Borrower and the applicable Senior Noteholders, as the same may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"2003 Note Purchase Agreement" means that certain Note Purchase Agreement dated January 24, 2003 among the Borrower and the applicable Senior Noteholders, as the same may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"Acquisition" by any Person, means the acquisition by such Person, in a single transaction or in a series of related transactions, of all of the Capital Stock or all or substantially all of the Property of another Person, whether or not involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means, with respect to any Available Currency, the Administrative Agent's address and, as appropriate, account as set forth on Schedule 11.02 with respect to such Available Currency, or such other address or account with respect to such Available Currency as the Administrative Agent may from time to time notify the Company and the Lenders.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

"Agent-Related Persons" means the Administrative Agent, together with its Affiliates (including, in the case of Bank of America in its capacity as the Administrative Agent, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Aggregate Revolving Commitments" means the Revolving Commitments of all the Lenders. The initial amount of the Aggregate Revolving Commitments in effect on the Closing Date is ONE HUNDRED MILLION DOLLARS ($100,000,000).

"Agreement" shall the meaning assigned to such term in the heading hereof.

"Applicable Rate" means the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 7.02(b):

Applicable Rates

Pricing Level	Consolidated Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans	Letter of Credit Fees	Commitment Fee
1	< 1.00 to 1.0	1.00%	0.00%	1.00%	0.200%
2	> 1.00 to 1.0 but < 1.75 to 1.0	1.25%	0.25%	1.25%	0.250%
3	> 1.75 to 1.0 but < 2.50 to 1.0	1.50%	0.50%	1.50%	0.325%
4	> 2.50 to 1.0	2.00%	1.00%	2.00%	0.375%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 4 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered until the first Business Day after such Compliance Certificate is delivered. The Applicable Rate in effect from the Closing Date through the date that the Borrower delivers the Compliance Certificate for the fiscal quarter ending February 28, 2003 shall be determined based upon Pricing Level 3.

"Applicable Time" means, with respect to any borrowings and payments in Permitted Foreign Currencies, the local times in the place of settlement for such Permitted Foreign Currencies as may be determined by the Administrative Agent to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"Arranger" means Banc of America Securities LLC, in its capacity as co-lead arranger and joint book manager.

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit 11.07.

"Attorney Costs" means and includes all reasonable fees, expenses and disbursements of any law firm or other external counsel and, without duplication, the reasonable allocated cost of internal legal services and all expenses and disbursements of internal counsel.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"Audited Financial Statements" means the audited consolidated balance sheet of the Borrower and its Restricted Subsidiaries as contained in the Borrower's form 10 K for the fiscal year ended November 30, 2001, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of the Borrower and its Restricted Subsidiaries, including the notes thereto.

"Availability Period" means, with respect to the Revolving Commitments, the period from the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.05 and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of each L/C Issuer to make L/C Credit Extensions pursuant to Section 9.02.

"Available Currency" means Dollars and any Permitted Foreign Currency.

"Bank of America" means Bank of America, N.A. and its successors.

"Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Borrower" has the meaning specified in the heading hereof.

"Borrowing" means a borrowing consisting of simultaneous Loans of the same Type, in the same Available Currency and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office with respect to Obligations denominated in Dollars is located and (a) if such day relates to any Eurodollar Rate Loan denominated in any Available Currency other than Euro, means any such day on which dealings in deposits in the applicable Available Currency are conducted by and between banks in the London or other applicable offshore interbank market for such Available Currency or (b) if such day relates to any Eurodollar Rate Loan denominated in Euro, means a TARGET Day.

"Businesses" means, at any time, a collective reference to the businesses operated by the Consolidated Parties at such time.

"Capital Lease" means, as applied to any Person, any lease of any Property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" means (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Collateralize" has the meaning specified in Section 2.03(g).

"Cash Equivalents" means, as at any date, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within twelve months from the date of the acquisition thereof and, at the time of acquisition, having a rating of at least A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's, (c) Dollar denominated time deposits and certificates of deposit of (i) any Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000 or (iii) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than 360 days from the date of acquisition, (d) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within twelve months of the date of acquisition, (e) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (f) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least $500,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subdivisions (a) through (e).

"Change of Control" means the occurrence of any of the following events: (a) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) shall have acquired beneficial ownership, directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, or control over, 30% or more of the outstanding Voting Stock of the Borrower or (b) the occurrence of a "Change of Control" (or any comparable term) under, and as defined in, any Senior Note Agreement. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act.

"Closing Date" means the first date all the conditions precedent in Section 5.01 are satisfied or waived in accordance with Section 5.01.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means a collective reference to all real and personal Property (other than Excluded Property) with respect to which Liens in favor of the Collateral Agent are purported to be granted pursuant to and in accordance with the terms of the Collateral Documents.

"Collateral Agent" means Bank of America in its capacity as collateral agent under any of the Loan Documents, or any successor collateral agent.

"Collateral Documents" means a collective reference to the Security Agreement, the Mortgages and such other security documents as may be executed and delivered by the Loan Parties pursuant to the terms of Section 7.13.

"Commitment" means, as to each Lender, the Revolving Commitment of such Lender.

"Compliance Certificate" means a certificate substantially in the form of Exhibit 7.02.

"Consolidated Capital Expenditures" means for any period for the Consolidated Parties on a consolidated basis, all capital expenditures, as determined in accordance with GAAP; provided, however, that Consolidated Capital Expenditures shall not include Acquisitions.

"Consolidated Cash Taxes" means for any period for Consolidated Parties on a consolidated basis, the aggregate of all taxes, as determined in accordance with GAAP, to the extent the same are paid in cash during such period.

"Consolidated EBITDA" means, for any period, for the Consolidated Parties on a consolidated basis, determined in accordance with GAAP, an amount equal to the sum of, without duplication, (a) Consolidated Net Income plus (b) Consolidated Interest Charges and all amounts treated as expenses for depreciation and the amortization of intangibles of any kind to the extent included in the determination of Consolidated Net Income, plus (c) all tax expense on or measured by income or capital to the extent included in the determination of Consolidated Net Income plus (d) amounts received as cash dividends or other distributions in respect of equity from Affiliates and Unconsolidated Subsidiaries to the extent not included in the determination of Consolidated Net Income minus (e) equity earnings from Affiliates and Unrestricted Subsidiaries to the extent included in the determination of Consolidated Net Income minus (f) gains on the sale or other disposition of assets to the extent included in the determination of Consolidated Net Income plus (g) losses on the sale or other disposition of assets to the extent included in the determination of Consolidated Net Income plus (h) non-cash extraordinary losses and expenses to the extent included in the determination of Consolidated Net Income (provided that to the extent such non-cash losses and expenses represent an accrual or reserve for future cash disbursements, the future cash disbursements shall be deducted in the periods in which they are made) minus (i) non-cash extraordinary gains and income to the extent included in the determination of Consolidated Net Income.

"Consolidated Fixed Charge Coverage Ratio" means for any period for the Consolidated Parties, the ratio of (a) the sum of (i) Consolidated EBITDA for such period plus (ii) Consolidated Rental Expenses for such period minus (iii) Consolidated Cash Taxes for such period for such period to (b) the sum of (i) Consolidated Interest Charges for such period plus (ii) Consolidated Scheduled Funded Debt Payments for such period plus (iii) Consolidated Rental Expenses for such period plus (iv) Restricted Payments (other than of the type described in Sections 8.06(a) and (b)).

"Consolidated Funded Indebtedness" means, as of any date of determination, for the Consolidated Parties on a consolidated basis, without duplication, the sum of (a) all Indebtedness for borrowed money or which has been incurred in connection with the acquisition of assets plus (b) all obligations of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than trade debt incurred in the ordinary course of business the terms of which require payment within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person plus (c) the Attributable Indebtedness of such Person with respect to Capital Leases and Synthetic Lease Obligations plus (d) the principal portion of all obligations of such Person as an account party in respect of financial letters of credit and bankers' acceptances, including, without duplication, all unreimbursed drafts drawn thereunder plus (e) the aggregate amount of uncollected accounts receivable of such Person subject at such time to a sale of receivables (or similar transaction) to the extent such transaction is effected with recourse to such Person (whether or not such transaction would be reflected on the balance sheet of such Person in accordance with GAAP) plus (f) all Consolidated Funded Debt of others secured by any Lien on, or payable out of the proceeds of production from, Property owned or acquired by a Consolidated Party, whether or not the obligations secured thereby have been assumed by such Consolidated Party plus (g) the Consolidated Funded Debt of any partnership or unincorporated joint venture in which a Consolidated Party is a general partner or a joint venturer to the extent such Consolidated Funded Debt is recourse to such Consolidated Party plus (h) all Guarantees with respect to Consolidated Funded Debt of Persons that are not Consolidated Parties.

"Consolidated Interest Charges" means for any period for the Consolidated Parties on a consolidated basis, interest expense (including the amortization of debt discount and premium, the interest component under Capital Leases and the implied interest component of Synthetic Lease Obligations), as determined in accordance with GAAP.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended for which the Borrower has delivered the Required Financial Information.

"Consolidated Net Income" means for any period for the Consolidated Parties on a consolidated basis, net income or loss after interest expense, income taxes and depreciation and amortization, all as determined in accordance with GAAP.

"Consolidated Rental Expense" means for any period for the Consolidated Parties on a consolidated basis, rental expense under Operating Leases, as determined in accordance with GAAP.

"Consolidated Parties" means a collective reference to the Borrower and the Restricted Subsidiaries of the Borrower, and "Consolidated Party" means any one of them.

"Consolidated Scheduled Funded Debt Payments" means for any period for the Consolidated Parties on a consolidated basis, the sum of all scheduled payments of principal on Consolidated Funded Indebtedness, as determined in accordance with GAAP. For purposes of this definition, "scheduled payments of principal" (a) shall be determined without giving effect to any reduction of such scheduled payments resulting from the application of any voluntary or mandatory prepayments made during the applicable period, (b) shall be deemed to include only the portion of Attributable Indebtedness in respect of Capital Leases and Synthetic Lease Obligations payable during such period and (c) shall not include any voluntary prepayments or mandatory prepayments required pursuant to Section 2.04.

"Consolidated Secured Funded Indebtedness" means, as of any date of determination, all Consolidated Funded Indebtedness the payment of which is secured by a Lien against any assets of the Consolidated Parties.

"Consolidated Tangible Assets" means, as of any date of determination, for the Borrower and its Domestic Restricted Subsidiaries, without duplication, the sum of (a) 85% of the book value of accounts receivable (net of allowances) owing to the Borrower and its Domestic Restricted Subsidiaries from account debtors that are located in the United States plus (b) 60% of the book value of inventory of Borrower and its Domestic Restricted Subsidiaries that is located in the United States plus (c) 50% of the depreciated book value of equipment of Borrower and its Domestic Restricted Subsidiaries that is located in the United States plus (d) 80% of the appraised value of owned real property of Borrower and its Domestic Restricted Subsidiaries that is pledged as Collateral plus (e) 50% of the net book value of all other owned real property of Borrower and its Domestic Restricted Subsidiaries that is located in the United States.

"Consolidated Tangible Assets Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Tangible Assets as of such date to (b) Consolidated Secured Funded Indebtedness as of such date.

"Consolidated Tangible Net Worth" means, as of any date of determination, the sum of (a) consolidated shareholders' equity of the Consolidated Parties as of that date determined in accordance with GAAP minus (b) all assets of the Consolidated Parties that are, in accordance with GAAP, considered to be intangible assets minus (c) minority interests. For the purpose of calculating Consolidated Tangible Net Worth, such calculation shall exclude (i.e., there will be added back to Consolidated Tangible Net Worth) any year-end non-cash adjustment (on an after-tax basis) to shareholders' equity to reflect any Additional Minimum Liability; provided, however, the aggregate incremental amount of all such charges added back to Consolidated Tangible Net Worth after the 2001 fiscal year (i.e. excluding any such charges for fiscal year 2001 and prior years) shall not exceed $45,000,000 on an after-tax basis. For purposes hereof, "Additional Minimum Liability" means, with respect to any Plan, the sum of the absolute values of (x) the unfunded accumulated benefit obligation existing as of the end of the most recently ended fiscal year, plus (y) the Borrower's prepaid pension asset position existing as of the end of the most recently ended fiscal year.

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

"Control" has the meaning specified in the definition of "Affiliate" set forth in this Section 1.01.

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Debt Issuance" means the issuance by any Consolidated Party of any Indebtedness of the type referred to in clause (a) or (b) of the definition thereof set forth in this Section 1.01.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, in each case to the fullest extent permitted by applicable Laws.

"Defaulting Lender" means any Lender that (a) has failed to fund any portion of the Loans or participations in L/C Obligations required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

"Disposition" or "Dispose" means any disposition (including pursuant to a Sale and Leaseback Transaction) of any or all of the Property (including without limitation the Capital Stock of a Subsidiary) of any Consolidated Party whether by sale, lease, licensing, transfer or otherwise, but other than pursuant to any casualty or condemnation event; provided, however, that the term "Disposition" shall be deemed to exclude any Equity Issuance.

"Dollar" and "$" mean lawful money of the United States.

"Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Permitted Foreign Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate for the purchase of Dollars with such Permitted Foreign Currency.

"Domestic Restricted Subsidiary" means any Restricted Subsidiary that is a Domestic Subsidiary.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any political subdivision of the United States.

"Eligible Assignee" has the meaning specified in Section 11.07(g).

"EMU" means the economic and monetary union in accordance with the Treaty of Rome 1957, as amended by the Single European Act 1986, the Maastricht Treaty of 1992 and the Amsterdam Treaty of 1998, as amended from time to time.

"EMU Legislation" means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency (whether known as the "euro" or otherwise).

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or any of their respective Restricted Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"Equity Issuance" means any issuance by any Consolidated Party to any Person of (a) shares of its Capital Stock, (b) any shares of its Capital Stock pursuant to the exercise of options or warrants, (c) shares of its Capital Stock pursuant to the conversion of any debt securities to equity or the conversion of any class equity securities to any other class of equity securities or (d) any options or warrants relating to its Capital Stock. The term "Equity Issuance" shall not be deemed to include any Disposition.

"Euro" and "EUR" mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

"Eurodollar Rate" means for any Interest Period with respect to any Eurodollar Rate Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in the applicable Available Currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in the applicable Available Currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in the applicable Available Currency for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"Eurodollar Rate Loan" means a Loan that bears interest at a rate based on the Eurodollar Rate. Eurodollar Rate Loans may be denominated in any Available Currency.

"Event of Default" has the meaning specified in Section 9.01.

"Excluded Disposition" means, with respect to any Consolidated Party, any Disposition consisting of (i) the sale, lease, license, transfer or other disposition of inventory in the ordinary course of such Consolidated Party's business, (ii) the sale, lease, license, transfer or other disposition of machinery and equipment no longer used or useful in the conduct of such Consolidated Party's business, (iii) any sale, lease, license, transfer or other disposition of Property by such Consolidated Party to any Loan Party, provided that the Loan Parties shall cause to be executed and delivered such documents, instruments and certificates as the Administrative Agent may request so as to cause the Loan Parties to be in compliance with the terms of Section 7.13 after giving effect to such transaction, (iv) any Involuntary Disposition by such Consolidated Party, (v) any Disposition by such Consolidated Party constituting a Permitted Investment, (vi) if such Consolidated Party is not a Loan Party, any sale, lease, license, transfer or other disposition of Property by such Consolidated Party to any Consolidated Party that is not a Loan Party, (vii) licenses of intellectual property in the ordinary course of business and (viii) the contribution of life insurance policies to rabbi trusts established in connection with executive compensation plans so long as the cost of the insurance policies so contributed does not exceed $3,000,000 during any fiscal year.

"Excluded Property" means, with respect to any Loan Party, including any Person that becomes a Loan Party after the Closing Date as contemplated by Section 7.12, (a) any owned real property that is not a Mortgaged Property, (b) any leased real Property, (c) any leased personal Property, (d) any personal Property (including, without limitation, motor vehicles) in respect of which perfection of a Lien is not either (i) governed by the Uniform Commercial Code or (ii) effected by appropriate evidence of the Lien being filed in either the United States Copyright Office or the United States Patent and Trademark Office, (e) any Property which, subject to the terms of Section 8.09, is subject to a Lien of the type described in Section 8.01(i) pursuant to documents which prohibit such Loan Party from granting any other Liens in such Property and (f) rights in any agreement (i) the grant of a security interest in which would violate the agreement under which such right arises except to the extent provided under Sections 9-406, 9-407 and 9-408 of the Uniform Commercial Code, or (ii) to the extent that the pledge or assignment of such agreement requires the consent of any third party unless such third party has consented thereto except to the extent provided under Sections 9-406, 9-407 and 9-408 of the Uniform Commercial Code.

"Existing Credit Agreement" means that certain First Amended and Restated Revolving Credit Agreement dated as of April 3, 1998 among the Borrower, certain Subsidiaries party thereto, Bank of America, N.A. (formerly Bank of America National Trust and Savings Association), as agent, and a syndicate of lenders.

"Existing Letters of Credit" means the Letters of Credit identified on Schedule 1.01.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated October 29, 2002, among the Borrower, the Administrative Agent and the Arranger.

"FIRREA" means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, and any successor statute thereto, as interpreted by the rules and regulations thereunder, as amended, including, without limitation, 12 CFR part 34.41 to 34.47.

"Foreign Currency Loan" means a Eurodollar Rate Loan denominated in a Permitted Foreign Currency.

"Foreign Lender" has the meaning specified in Section 11.15(a)(i).

"Foreign Restricted Subsidiary" means any Foreign Subsidiary that is a Restricted Subsidiary.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fully Satisfied" means, with respect to the Obligations as of any date, that, as of such date, (a) all principal of and interest accrued to such date which constitute Obligations shall have been paid in full in cash, (b) all fees, expenses and other amounts then due and payable which constitute Obligations shall have been paid in cash, (c) all outstanding Letters of Credit shall have been (i) terminated, (ii) fully Cash Collateralized or (iii) secured by one or more letters of credit on terms and conditions, and with one or more financial institutions, reasonably satisfactory to the applicable L/C Issuer and (d) the Commitments shall have expired or been terminated in full.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning set forth in Section 4.06.

"Guarantors" means a collective reference to the Subsidiary Guarantors, and "Guarantor" means any one of them.

"Guaranty" means the Guaranty made by the Guarantors pursuant to Article IV hereof.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indebtedness" means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than trade debt incurred in the ordinary course of business the terms of which require payment within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements, (f) the Attributable Indebtedness of such Person with respect to Capital Leases and Synthetic Lease Obligations, (g) all net obligations of such Person under Swap Contracts, (h) the principal portion of all obligations of such Person as an account party in respect of letters of credit (other than trade letters of credit) and bankers' acceptances, including, without duplication, all unreimbursed drafts drawn thereunder, (i) all obligations of such Person to repurchase any securities issued by such Person at any time prior to the Maturity Date which repurchase obligations are related to the issuance thereof, including, without limitation, obligations commonly known as residual equity appreciation potential shares, (j) the aggregate amount of uncollected accounts receivable of such Person subject at such time to a sale of receivables (or similar transaction) to the extent such transaction is effected with recourse to such Person (whether or not such transaction would be reflected on the balance sheet of such Person in accordance with GAAP), (k) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (l) all Guarantees of such Person with respect to Indebtedness of another Person and (m) the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer to the extent such Indebtedness is recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

"Indemnified Liabilities" has the meaning set forth in Section 11.05.

"Indemnitees" has the meaning set forth in Section 11.05.

"Intellectual Property" has the meaning set forth in Section 6.17.

"Intercreditor Agreement" means that certain Collateral Agency and Intercreditor Agreement dated as of January 24, 2003 among the Lenders, the Senior Noteholders, the Administrative Agent and the Collateral Agent, as amended, modified, restated or supplemented from time to time.

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date.

"Interest Period" means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Borrower in its Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

"Investment" in any Person means (a) any Acquisition of such Person, (b) any other acquisition of Capital Stock, bonds, notes, debentures, partnership, joint ventures or other ownership interests or other securities of such other Person, (c) any deposit with, or advance, loan or other extension of credit to, such Person (other than deposits made in connection with the purchase of equipment inventory and supplies in the ordinary course of business) or (d) any other capital contribution to or investment in such Person, including, without limitation, any Guarantee (including any support for a letter of credit issued on behalf of such Person) incurred for the benefit of such Person and any Disposition to such Person for consideration less than the fair market value of the Property disposed in such transaction, but excluding any Restricted Payment to such Person. Investments which are capital contributions or purchases of Capital Stock which have a right to participate in the profits of the issuer thereof shall be valued at the amount (or, in the case of any Investment made with Property other than cash, the book value of such Property) actually contributed or paid (including cash and non-cash consideration and any assumption of Indebtedness) to purchase such Capital Stock as of the date of such contribution or payment. Investments which are loans, advances, extensions of credit or Guarantees shall be valued at the principal amount of such loan, advance or extension of credit outstanding as of the date of determination or, as applicable, the principal amount of the loan or advance outstanding as of the date of determination actually guaranteed by such Guarantees.

"Involuntary Disposition" means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any Property of any Consolidated Party.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreement" means a Joinder Agreement substantially in the form of Exhibit 7.12 hereto, executed and delivered by a new Guarantor in accordance with the provisions of Section 7.12.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Advance" means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing of Revolving Loans.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

"L/C Issuer" means with respect to a particular Letter of Credit (a) Bank of America in its capacity as issuer of such Letter of Credit or (b) such other Lender selected by the Borrower (upon notice to the Administrative Agent) from time to time to issue such Letter of Credit.

"L/C Obligations" means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings.

"Lenders" means a collective reference to the Persons identified as "Lenders" on the signature pages hereto, together with any Person that subsequently becomes a Lender by way of assignment in accordance with the terms of Section 11.7, together with their respective successors, and "Lender" means any one of them.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

"Letter of Credit" means any letter of credit issued hereunder and shall include the Existing Letters of Credit. A Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable L/C Issuer.

"Letter of Credit Expiration Date" means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Sublimit" means an amount equal to TWENTY-FIVE MILLION DOLLARS ($25,000,000). The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means any Revolving Loan.

"Loan Documents" means this Agreement, each Note, each Letter of Credit, each Letter of Credit Application, each Joinder Agreement, the Collateral Documents and the Fee Letter.

"Loan Notice" means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit 2.02.

"Loan Parties" means, collectively, the Borrower and each Guarantor.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Restricted Subsidiaries taken as a whole; (b) a material impairment of the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

"Maturity Date" means January 24, 2006.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage Policies" shall have the meaning assigned such term in Section 5.01(d).

"Mortgaged Properties" shall have the meaning assigned such term in Section 5.01(d).

"Mortgages" shall have the meaning assigned such term in Section 5.01(d).

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Note" or "Notes" means the Revolving Notes, individually or collectively, as appropriate.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document, the Intercreditor Agreement or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. The foregoing shall also include obligations arising under any Swap Contract relating to the Loans between any Loan Party and a Lender or any Affiliate of such Lender.

"Operating Lease" means, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time) of any Property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Outstanding Amount" means (i) with respect to Loans on any date, the Dollar Equivalent of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Loans, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the Dollar Equivalent of the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the Federal Funds Rate and (b) with respect to any amount denominated in a Permitted Foreign Currency, the rate of interest per annum at which overnight deposits in the applicable Permitted Foreign Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of America located in the applicable interbank market for such currency to major banks in such interbank market.

"Participant" has the meaning specified in Section 11.07(d).

"Participating Member State" means each state so described in any EMU Legislation.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Permitted Foreign Currency" means each of (i) Australian dollars, (ii) New Zealand dollars, (iii) British Pounds Sterling, (iv) the Euro, (v) Singapore dollars and (vi) each other lawful currency (other than Dollars) that is freely available and freely transferable and convertible into Dollars and which is approved by all the Lenders in accordance with Section 1.09.

"Permitted Foreign Currency Equivalent" means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Permitted Foreign Currency as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Permitted Foreign Currency with Dollars.

"Permitted Investments" means, at any time, Investments by the Consolidated Parties permitted to exist at such time pursuant to the terms of Section 8.02.

"Permitted Liens" means, at any time, Liens in respect of Property of the Consolidated Parties permitted to exist at such time pursuant to the terms of Section 8.01.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Pro Rata Share" means as to each Lender with respect to such Lender's Revolving Commitment at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Revolving Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Revolving Commitments at such time; provided that if the commitment of each Lender to make Revolving Loans and the obligation of each L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 9.02, then the Pro Rata Share of such Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof. The initial Pro Rata Share of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Real Properties" means, at any time, a collective reference to each of the facilities and real properties owned, leased or operated by the Consolidated Parties at such time.

"Register" has the meaning set forth in Section 11.07(c).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Loans, a Loan Notice and (b) with respect to an L/C Credit Extension, a Letter of Credit Application.

"Required Financial Information" means, with respect to each fiscal period or quarter of the Borrower, (a) the financial statements required to be delivered pursuant to Section 7.01(a) or (b) for such fiscal period or quarter, and (b) the certificate of a Responsible Officer of the Borrower required by Section 7.02(b) to be delivered with the financial statements described in clause (a) above.

"Required Lenders" means, at any time, Lenders holding in the aggregate more than 50% of (a) the unfunded Commitments (and participations therein) and the outstanding Loans, L/C Obligations and participations therein or (b) if the Commitments have been terminated, the outstanding Loans, L/C Obligations and participations therein. The unfunded Commitments of, and the outstanding Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Responsible Officer" means the chief executive officer, president, chief financial officer, controller, treasurer or assistant treasurer of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means (a) any dividend or other payment or distribution, direct or indirect, on account of any shares of any class of Capital Stock of any Consolidated Party, now or hereafter outstanding (including without limitation any payment in connection with any dissolution, merger, consolidation or disposition involving any Consolidated Party), or to the holders, in their capacity as such, of any shares of any class of Capital Stock of any Consolidated Party, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of any Consolidated Party, now or hereafter outstanding or (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of any Consolidated Party, now or hereafter outstanding.

"Restricted Subsidiary" means any Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

"Revaluation Date" means each of the following: (a) each date of a Borrowing of a Foreign Currency Loan, (b) each date of a continuation of a Foreign Currency Loan pursuant to Section 2.02; and (c) the last Business Day of each calendar month.

"Revolving Commitment" means, as to each Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01 and (b) purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Revolving Loan" has the meaning specified in Section 2.01.

"Revolving Note" has the meaning specified in Section 2.10(a).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Sale and Leaseback Transaction" means any arrangement pursuant to which any Consolidated Party, directly or indirectly, becomes liable as lessee, guarantor or other surety with respect to any lease, whether an Operating Lease or a Capital Lease, of any Property (a) which such Consolidated Party has sold or transferred (or is to sell or transfer) to a Person which is not a Consolidated Party or (b) which such Consolidated Party intends to use for substantially the same purpose as any other Property which has been sold or transferred (or is to be sold or transferred) by such Consolidated Party to another Person which is not a Consolidated Party in connection with such lease.

"Same Day Funds" means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in a Permitted Foreign Currency, same day or other funds as may be determined by the Administrative Agent to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Permitted Foreign Currency.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Security Agreement" means the security and pledge agreement dated as of the Closing Date executed in favor of the Collateral Agent by each of the Loan Parties, as amended, modified, restated or supplemented from time to time.

"Senior Note Agreements" means (a) the 1996 Note Purchase Agreement, and (b) the 2003 Note Purchase Agreement.

"Senior Noteholder" means any one of the holders from time to time of the Senior Notes.

"Senior Notes" means (a) the 7.92% Notes due September 1, 2006 issued by the Borrower in favor of the applicable Senior Noteholders pursuant to the 1996 Note Purchase Agreement, and (b) the 5.36% Notes due November 30, 2009 issued by the Borrower in favor of the applicable Senior Noteholders pursuant to the 2003 Note Purchase Agreement, in each case, as such Senior Notes may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"Solvent" or "Solvency" means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the ordinary course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's Property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the Property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person and (e) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Spot Rate" for a currency means the rate quoted by Bank of America as the spot rate for the purchase by Bank of America of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Capital Stock having ordinary voting power for the election of directors or other governing body (other than Capital Stock having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantors" means a collective reference to the Persons identified as "Subsidiary Guarantors" on the signature pages hereto, and each other Person that subsequently becomes a Subsidiary Guarantor by executing a Joinder Agreement as contemplated by Section 7.12, and "Subsidiary Guarantor" means any one of them.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Administrative Agent to be a suitable replacement) is operating.

"Threshold Amount" means $5,000,000.

"Total Revolving Outstandings" means the Dollar Equivalent of the aggregate Outstanding Amount of all Revolving Loans and all L/C Obligations.

"Type" means, with respect to any Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning set forth in Section 2.03(c)(i).

"Unrestricted Subsidiary" means each Subsidiary of the Borrower which is so designated by the board of directors of the Borrower; provided, however, that no such designation shall be effective unless (a) at the time of such designation, such Subsidiary does not own any Capital Stock or Indebtedness of the Borrower or any other Restricted Subsidiary which is not simultaneously being designated an Unrestricted Subsidiary, (b) immediately after giving effect to such designation, and after deducting from all covenant calculations made in respect of the immediately preceding four fiscal quarters the assets, liabilities, revenues and costs attributable to such Subsidiary (i) no Default would either occur and be continuing or would have occurred at any time during the immediately preceding four fiscal quarters; (ii) the Borrower would be permitted to make the investment in such Subsidiary resulting from such designation in compliance with Section 8.02(i); and (iii) such designation is treated at the time of designation and at all times thereafter as a Disposition for purposes of Section 8.05 and the Borrower would be permitted to make such asset sale in compliance with such Section. Any Subsidiary which has been designated as an Unrestricted Subsidiary pursuant to the preceding sentence may, at any time thereafter, be redesignated as a Restricted Subsidiary by resolution of the board of directors of the Borrower (a certified copy of which shall promptly be delivered to each holder of the Notes) if, immediately after giving effect to such redesignation and all other simultaneous designations and redesignations, if any, of other Subsidiaries pursuant to this definition, no Default shall exist. Any Subsidiary which has been redesignated as a Restricted Subsidiary as provided in the preceding sentence of this definition may not thereafter be designated or redesignated as an Unrestricted Subsidiary. No Subsidiary may be designated as an Unrestricted Subsidiary hereunder unless such Subsidiary is also designated as an "Unrestricted Subsidiary" for purposes of the 1996 Note Purchase Agreement and the 2003 Note Purchase Agreement.

"Voting Stock" means, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Wholly Owned Subsidiary" means any Restricted Subsidiary 100% of whose Capital Stock is at the time owned by the Borrower directly or indirectly through other Restricted Subsidiaries 100% of whose Capital Stock is at the time owned, directly or indirectly, by the Borrower.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term "including" is by way of example and not limitation.

(iv) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Except as otherwise specifically prescribed herein, all accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements; provided, however, that calculations of Attributable Indebtedness under any Synthetic Lease Obligations or the implied interest component of any Synthetic Lease Obligations shall be made by the Borrower in accordance with accepted financial practice and consistent with the terms of such Synthetic Lease Obligations.

(b) Notwithstanding Section 1.03(a), if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Borrower and the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP without giving effect to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders each certificate described in Section 7.02(b) together with such supporting information and calculations as the Administrative Agent or the Required Lenders reasonably request with respect to the reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding.

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number.

1.05 References to Agreements and Laws.

Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.06 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Pacific time (daylight or standard, as applicable).

1.07 Letter of Credit Amounts.

Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Application therefor, whether or not such maximum face amount is in effect at such time.

1.08 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Borrowings and Obligations denominated in Permitted Foreign Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Loan, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing or Loan is denominated in a Permitted Foreign Currency, such amount shall be the relevant Permitted Foreign Currency Equivalent of such Dollar amount (rounded to the nearest 1,000 units of such Permitted Foreign Currency), as determined by the Administrative Agent.

1.09 Additional Permitted Foreign Currencies.

The Borrower may from time to time request that Eurodollar Rate Loans be made in a currency other than those specifically listed in the definition of "Permitted Foreign Currency"; provided that such requested currency otherwise meets the requirements set forth in such definition. Any such request shall be made to the Administrative Agent (which shall promptly notify each Lender thereof) not later than 11:00 a.m., fifteen (15) Business Days prior to the date of the desired Borrowing. Each Lender shall notify the Administrative Agent, not later than 11:00 a.m., ten (10) Business Days after receipt of such request whether it consents, in its sole discretion, to making Eurodollar Rate Loans in such requested currency. Any failure by a Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Lender to make Eurodollar Rate Loans in such requested currency. If all the Lenders consent to making Eurodollar Rate Loans in such requested currency, the Administrative Agent shall so notify the Borrower and such currency shall thereupon be deemed for all purposes to be a Permitted Foreign Currency hereunder.

1.10 Redenomination of Certain Permitted Foreign Currencies.

(a) Each obligation of any Loan Party to make a payment denominated in the national currency unit of any member state of the EMU that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

ARTICLE II
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Loans.

Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans in Available Currencies (each such loan, a "Revolving Loan") to the Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Borrowing of Revolving Loans, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments and (ii) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations shall not exceed such Lender's Revolving Commitment. Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.04(a), and reborrow under this Section 2.01. Revolving Loans denominated in Dollars may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein. Revolving Loans denominated in Permitted Foreign Currencies shall be Eurodollar Rate Loans.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans denominated in Dollars or of any conversion of Eurodollar Rate Loans denominated in Dollars to Base Rate Loans, (ii) five Business Days prior to the requested date of any Borrowing of or continuation of Eurodollar Rate Loans denominated in a Permitted Foreign Currency, and (iii) on the requested date of any Borrowing of Base Rate Loans; provided, however, all Borrowings made on the Closing Date shall be made as Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(b) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Except as provided in Sections 2.03(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, (v) the Available Currency of the Loans to be borrowed and (vi) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a currency in a Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the Borrower fails to specify a Type of Loan in a Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans; provided, however, in the case of a failure to give timely notice to continue a Foreign Currency Loan, such Loan shall be continued as a Foreign Currency Loan denominated in the same Permitted Foreign Currency with an Interest Period of one month. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. No Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be prepaid in the original currency of such Loan and reborrowed in the other currency.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Pro Rata Share of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or continuation of Foreign Currency Committed Loans, in each case as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office for the applicable Available Currency not later than 1:00 p.m., in the case of any Loan denominated in Dollars, and not later than the Applicable Time specified by the Administrative Agent in the case of any Loan denominated in a Permitted Foreign Currency, in each case on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 5.02 (and, if such Borrowing is the initial Credit Extension, Section 5.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, however, that if, on the date a Loan Notice with respect to a Borrowing consisting of Revolving Loans is given by the Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first, to the payment in full of any such L/C Borrowings and second, to the Borrower as provided above.

(c) Subject to Section 3.05, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans having Interest Periods greater than one month without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Revolving Loans.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) each L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit denominated in Available Currencies for the account of the Borrower, and to amend or renew Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drafts under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower; provided that no L/C Issuer shall be obligated to make any L/C Credit Extension with respect to any Letter of Credit, and no Lender shall be obligated to participate in any Letter of Credit if as of the date of such L/C Credit Extension, (x) the Total Revolving Outstandings would exceed the Aggregate Revolving Commitments, (y) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations would exceed such Lender's Revolving Commitment or (z) the Outstanding Amount of the L/C Obligations would exceed the Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) No L/C Issuer shall be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it;

(B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date;

(C) the issuance of such Letter of Credit would violate one or more policies of such L/C Issuer; or

(D) such Letter of Credit is in an initial amount less than $100,000, in the case of a commercial Letter of Credit, or $500,000, in the case of a standby Letter of Credit, or is to be denominated in a currency other than an Available Currency.

(iii) No L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Renewal Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the applicable L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Letter of Credit Application must be received by the applicable L/C Issuer and the Administrative Agent not later than 12:00 noon at least two Business Days (or such later date and time as the applicable L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the applicable L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the applicable L/C Issuer may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the applicable L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the applicable L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the applicable L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the applicable L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with such L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the applicable L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an "Auto-Renewal Letter of Credit"); provided that any such Auto-Renewal Letter of Credit must permit such L/C Issuer to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Nonrenewal Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the applicable L/C Issuer, the Borrower shall not be required to make a specific request to such L/C Issuer for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable L/C Issuer to permit the renewal of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that such L/C Issuer shall not permit any such renewal if (A) such L/C Issuer has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 5.02 is not then satisfied.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(v) Notwithstanding anything to the contrary set forth in this Agreement, including without limitation Section 2.03(a), a Letter of Credit issued hereunder may contain a statement to the effect that such Letter of Credit is issued for the account of any Restricted Subsidiary of the Borrower, provided that notwithstanding such statement, the Borrower shall be the actual account party for all purposes of this Agreement for such Letter of Credit and such statement shall not affect the Borrower's reimbursement obligations hereunder with respect to such Letter of Credit.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the applicable L/C Issuer under a Letter of Credit (each such date, an "Honor Date") (provided that such L/C Issuer notifies the Borrower of the related drawing prior to 10:00 a.m. on such Honor Date), the Borrower shall reimburse such L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing; if such notice is received by the Borrower after 10:00 a.m. on the Honor Date, the Borrower shall make such reimbursement to such L/C Issuer on or before 11:00 a.m. on the next succeeding Business Day after the Honor Date together with interest on such amount accrued from the Honor Date at the Base Rate. If the Borrower fails to so reimburse the applicable L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Pro Rata Share thereof. In the case of any Letter of Credit denominated in a Permitted Foreign Currency, the Unreimbursed Amount shall be redenominated into Dollars and equal the Dollar Equivalent amount thereof, and the Administrative Agent shall so notify the Lenders in the notice described in the preceding sentence. In such event, the Borrower shall be deemed to have requested a Borrowing of Revolving Loans that are Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 5.02 (other than the delivery of a Loan Notice). Any notice given by an L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender (including any Lender acting as L/C Issuer) shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the applicable L/C Issuer at the Administrative Agent's Office in the Dollar Equivalent payments in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Revolving Loan that is a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the applicable L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Revolving Loans that are Base Rate Loans because the conditions set forth in Section 5.02 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the applicable L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Lender funds its Revolving Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the applicable L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of such L/C Issuer.

(v) Each Lender's obligation to make Revolving Loans or L/C Advances to reimburse the applicable L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against such L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 5.02 (other than delivery by the Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the applicable L/C Issuer for the amount of any payment made by such L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the applicable L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), such L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the applicable L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the applicable L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the applicable L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by such L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of such L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the applicable L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by such L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will within five Business Days notify the applicable L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the applicable L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the applicable L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, any Agent-Related Person nor any of the respective correspondents, participants or assignees of the L/C Issuers shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuers, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of the L/C Issuers, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against an L/C Issuer, and such L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, an L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and such L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, but subject to the Intercreditor Agreement, (i) if an L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to such Outstanding Amount determined as of the date of such L/C Borrowing or the Letter of Credit Expiration Date, as the case may be). The Administrative Agent may, at any time and from time to time after the initial deposit of Cash Collateral, request that additional Cash Collateral be provided in order to protect against the results of exchange rate fluctuations. For purposes hereof, "Cash Collateralize" means, at the Borrower's option, either (i) to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the applicable L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and such L/C Issuer (which documents are hereby consented to by the Lenders) or (ii) to deliver a letter of credit to the Administrative Agent in the face amount of the outstanding L/C Obligations "back stopping" the outstanding Letters of Credit and the L/C Obligations represented thereby (such letter of credit shall be from an issuer acceptable to the applicable L/C Issuer and the Administrative Agent and shall be in a form acceptable to such L/C Issuer and the Administrative Agent). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuers and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America.

(h) Applicability of ISP98 and UCP. Unless otherwise expressly agreed by the applicable L/C Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "ICC") at the time of issuance (including the ICC decision published by the Commission on Banking Technique and Practice on April 6, 1998 regarding the European single currency (euro)) shall apply to each commercial Letter of Credit.

(i) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share a Letter of Credit fee for each Letter of Credit equal to the Applicable Rate times the Dollar Equivalent of the daily maximum amount available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit). Such letter of credit fees shall be computed on a quarterly basis in arrears. Such letter of credit fees shall be due and payable on the fifteenth day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the applicable L/C Issuer for its own account a fronting fee with respect to each Letter of Credit a letter of credit fronting fee of 0.125% on the average daily maximum amount available to be drawn under each Letter of Credit issued by such L/C Issuer at a per annum rate for each day from the date of issuance to the date of expiration (such fronting fee shall be computed on a quarterly basis in arrears and shall be due and payable on the fifteenth day of each March, June, September and December). In addition, the Borrower shall pay directly to the applicable L/C Issuer for its own account the customary issuance, presentation, amendment, administration and other processing fees, and other standard costs and charges, of such L/C Issuer relating to letters of credit as from time to time in effect (including, without limitation, transfer and reinstatement fees). Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Letter of Credit Application. In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

2.04 Prepayments.

(a) Voluntary Prepayments. The Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:00 a.m. (A) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (B) on the date of prepayment of Base Rate Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); and (iii) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding). Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Pro Rata Shares.

(b) Mandatory Prepayments.

(i) Aggregate Revolving Commitments. If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrower shall immediately prepay Revolving Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess, including, but not limited to, as a result of changes in the Spot Rate on any Revaluation Date; provided, however, that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.04(b)(i) unless after the prepayment in full of the Revolving Loans, the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect.

(ii) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this Section 2.04(b) shall be applied to Revolving Loans and (after all Revolving Loans have been repaid) to Cash Collateralize L/C Obligations. Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.04(b) shall be subject to Section 3.05, but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.05 Termination or Reduction of Aggregate Revolving Commitments.

(a) Voluntary Reductions. The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Commitments, or from time to time permanently reduce the Aggregate Revolving Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $10,000,000 or any whole multiple of $1,000,000 in excess thereof, (iii) the Borrower shall not terminate or reduce the Aggregate Revolving Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Outstandings would exceed the Aggregate Revolving Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Revolving Commitments, the Letter of Credit Sublimit exceeds the amount of the Aggregate Revolving Commitments, the Letter of Credit Sublimit shall be automatically reduced by the amount of such excess.

(b) General. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Commitments. Any reduction of the Aggregate Revolving Commitments shall be applied to the Revolving Commitment of each Lender according to its Pro Rata Share. All commitment fees accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

2.06 Repayment of Loans.

The Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of Revolving Loans outstanding on such date.

2.07 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) If any amount payable by the Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Furthermore, upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.08 Fees.

In addition to certain fees described in subsections (i) and (j) of Section 2.03:

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share, a commitment fee equal to the Applicable Rate times the actual daily amount by which the Aggregate Revolving Commitments exceed the sum of (i) the Outstanding Amount of Revolving Loans and (ii) the Outstanding Amount of L/C Obligations. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Maturity Date. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Other Fees. (i)The Borrower shall pay to the Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.09 Computation of Interest and Fees.

All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year), or, in the case of interest in respect of Foreign Currency Loans as to which market practice differs from the foregoing, in accordance with such market practice. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.11(a), bear interest for one day.

2.10 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall in the case of Revolving Loans, be in the form of Exhibit 2.10 (a "Revolving Note"). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.11 Payments Generally.

(a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Foreign Currency Loans, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Loan Parties hereunder with respect to principal and interest on Foreign Currency Loans shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Permitted Foreign Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m. in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent in the case of payments in a Permitted Foreign Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in Same Day Funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in Same Day Funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in Same Day Funds, at the applicable Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in Same Day Funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the applicable Overnight Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (c) shall be conclusive, absent manifest error.

(d) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.12 Sharing of Payments.

If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations held by it, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them and/or such subparticipations in the participations in L/C Obligations held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. The Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 11.09) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Any and all payments by any Loan Party to or for the account of the Administrative Agent or any Lender under any Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of the Administrative Agent and each Lender, taxes imposed on or measured by its overall net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Administrative Agent or such Lender, as the case may be, is organized or maintains a lending office (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "Taxes"). If any Loan Party shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to the Administrative Agent or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), each of the Administrative Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within 30 days after the date of such payment, such Loan Party shall furnish to the Administrative Agent (which shall forward the same to such Lender) the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as "Other Taxes").

(c) If the Borrower shall be required to deduct or pay any Taxes or Other Taxes from or in respect of any sum payable under any Loan Document to the Administrative Agent or any Lender, the Borrower shall also pay to the Administrative Agent or to such Lender, as the case may be, at the time interest is paid, such additional amount that the Administrative Agent or such Lender specifies is necessary to preserve the after-tax yield (after factoring in all taxes, including taxes imposed on or measured by net income) that the Administrative Agent or such Lender would have received if such Taxes or Other Taxes had not been imposed.

(d) The Borrower agrees to indemnify the Administrative Agent and each Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by the Administrative Agent and such Lender, (ii) amounts payable under Section 3.01(c) and (iii) any liability (including additions to tax, penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Payment under this subsection (d) shall be made within 30 days after the date the Lender or the Administrative Agent makes a demand therefor, accompanied by a certificate described in Section 3.06(a).

(e) If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 3.01, then such Lender will agree to take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid or mitigate any requirement of applicable Laws that Borrower make any deduction or withholding for taxes from amounts payable to, or otherwise make payments under this Section 3.01 with respect to, such Lender.

3.02 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans in any Available Currency, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, any Available Currency in the applicable interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans in the affected Available Currency or, where the affected Available Currency is Dollars, to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable and such Loans are denominated in Dollars, convert such Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender. If the obligation of any Lender to make or maintain Eurodollar Rate Loans has been so terminated or suspended, then the Borrower may elect, by giving notice to such Lender through Administrative Agent, that all Loans denominated in Dollars which would otherwise be made by such Lender as Eurodollar Rate Loans shall be instead Base Rate Loans.

3.03 Inability to Determine Rates.

If the Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or that the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurodollar Rate Loans.

(a) If any Lender determines that as a result of the introduction of or any change in or in the interpretation of any Law, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 shall govern), (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is organized or has its Lending Office, and (iii) reserve requirements contemplated by Section 3.04(c)), then if such Lender generally is assessing such amounts to its borrowers that are similarly situated with the Borrower, from time to time upon demand of such Lender, accompanied by a certificate described in Section 3.06(a) (with a copy of such demand and certificate to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction. If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 3.04(a), then such Lender will agree to take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid or mitigate any requirement for compensation under this Section 3.04(a).

(b) If any Lender determines that the introduction of any Law regarding capital adequacy or any change therein or in the interpretation thereof, or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and such Lender's desired return on capital), then from time to time upon demand, accompanied by a certificate described in Section 3.06(a), of such Lender (with a copy of such demand to the Administrative Agent), so long as such Lender is imposing such costs generally on borrowers similarly situated with the Borrower, the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error), which shall be due and payable on each date on which interest is payable on such Loan, provided the Borrower shall have received at least 15 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 15 days from receipt of such notice.

3.05 Funding Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower;

(c) any failure by the Borrower to make payment of any Loan (or interest due thereon) denominated in a Permitted Foreign Currency on its scheduled due date or any payment thereof in a different currency; or

(d) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 11.16;

excluding any loss of anticipated profits and including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the applicable offshore interbank market for such Available Currency for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Matters Applicable to all Requests for Compensation.

(a) Any Lender claiming compensation under this Article III shall deliver to the Borrower (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable to such Lender hereunder and such certificate shall be conclusive in the absence of manifest error. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods.

(b) Upon any Lender's making a claim for compensation under Section 3.01 or 3.04, the Borrower may replace such Lender in accordance with Section 11.16.

3.07 Survival.

All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Revolving Commitments and repayment of all other Obligations hereunder.

ARTICLE IV
GUARANTY

4.01 The Guaranty.

Each of the Guarantors hereby jointly and severally guarantees to each Lender, each Affiliate of a Lender that enters into a Swap Contract, and the Administrative Agent as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents or Swap Contracts, the obligations of each Guarantor under this Agreement and the other Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws or any comparable provisions of any applicable state law.

4.02 Obligations Unconditional.

The obligations of the Guarantors under Section 4.01 are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or Swap Contracts, or any other agreement or instrument referred to therein, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor for amounts paid under this Article IV until such time as the Obligations have been Fully Satisfied. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents, any Swap Contract between any Consolidated Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents or such Swap Contracts shall be done or omitted;

(c) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents, any Swap Contract between any Consolidated Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents or such Swap Contracts shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(d) any Lien granted to, or in favor of, the Administrative Agent, the Collateral Agent or any Lender or Lenders as security for any of the Obligations shall fail to attach or be perfected; or

(e) any of the Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents, any Swap Contract between any Consolidated Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents or such Swap Contracts, or against any other Person under any other guarantee of, or security for, any of the Obligations.

4.03 Reinstatement.

The obligations of the Guarantors under this Article IV shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including fees and expenses of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

4.04 Certain Additional Waivers.

Without limiting the generality of the provisions of this Article IV, each Guarantor hereby specifically waives, to the extent applicable, the benefits of N.C. Gen. Stat. §§ 26-7 through 26-9, inclusive and California Civil Code Section 2847, 2848 or 2849. Each Guarantor further agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 4.02 and through the exercise of rights of contribution pursuant to Section 4.06.

As used in this paragraph, any reference to "the principal" includes the Borrower, and any reference to "the creditor" includes each Lender, each Affiliate of a Lender that enters into a Swap Contract, and the Administrative Agent. In accordance with Section 2856 of the California Civil Code (a) each Guarantor waives any and all rights and defenses available to it by reason of Sections 2787 to 2855, inclusive, of the California Civil Code, including without limitation any and all rights or defenses such Guarantor or any other guarantor of the Guaranteed Obligations may have because the Guaranteed Obligations are secured by real property. This means, among other things: (1) the creditor may collect from such Guarantor without first foreclosing on any real or personal property collateral pledged by the principal; and (2) if the creditor forecloses on any real property collateral pledged by the principal: (A) the amount of the Guaranteed Obligations may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (B) the creditor may collect from such Guarantor even if the creditor, by foreclosing on the real property collateral, has destroyed any right such Guarantor may have to collect from the principal. This is an unconditional and irrevocable waiver of any right and defenses such Guarantor may have because the Guaranteed Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure. Each Guarantor also waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for the Guaranteed Obligations, has destroyed such Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise; and even though that election of remedies by the creditor, such as nonjudicial foreclosure with respect to security for an obligation of any other guarantor of any of the Guaranteed Obligations, has destroyed such Guarantor's rights of contribution against such other guarantor. No other provision of this Guaranty shall be construed as limiting the generality of any of the covenants and waivers set forth in this paragraph. As provided below, this Guaranty shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of New York, without regard to conflicts of laws principles. This paragraph is included solely out of an abundance of caution, and shall not be construed to mean that any of the above-referenced provisions of California law are in any way applicable to this Guaranty or to any of the Guaranteed Obligations.

4.05 Remedies.

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Section 9.02 (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9.02) for purposes of Section 4.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 4.01. The Guarantors acknowledge and agree that their obligations hereunder are secured in accordance with the terms of the Collateral Documents and that the Lenders may exercise their remedies thereunder in accordance with the terms thereof.

4.06 Rights of Contribution.

The Guarantors hereby agree as among themselves that, if any Guarantor shall make an Excess Payment (as defined below), such Guarantor shall have a right of contribution from each other Guarantor in an amount equal to such other Guarantor's Contribution Share (as defined below) of such Excess Payment. The payment obligations of any Guarantor under this Section 4.06 shall be subordinate and subject in right of payment to the Obligations until such time as the Obligations have been Fully Satisfied, and none of the Guarantors shall exercise any right or remedy under this Section 4.06 against any other Guarantor until such Obligations have been Fully Satisfied. For purposes of this Section 4.06, (a) "Excess Payment" shall mean the amount paid by any Guarantor in excess of its Ratable Share of any Guaranteed Obligations; (b) "Ratable Share" shall mean, for any Guarantor in respect of any payment of Obligations, the ratio (expressed as a percentage) as of the date of such payment of Guaranteed Obligations of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of all of the Loan Parties exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Loan Parties hereunder) of the Loan Parties; provided, however, that, for purposes of calculating the Ratable Shares of the Guarantors in respect of any payment of Obligations, any Guarantor that became a Guarantor subsequent to the date of any such payment shall be deemed to have been a Guarantor on the date of such payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such payment; (c) "Contribution Share" shall mean, for any Guarantor in respect of any Excess Payment made by any other Guarantor, the ratio (expressed as a percentage) as of the date of such Excess Payment of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of the Loan Parties other than the maker of such Excess Payment exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Loan Parties) of the Loan Parties other than the maker of such Excess Payment; provided, however, that, for purposes of calculating the Contribution Shares of the Guarantors in respect of any Excess Payment, any Guarantor that became a Guarantor subsequent to the date of any such Excess Payment shall be deemed to have been a Guarantor on the date of such Excess Payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such Excess Payment; and (d) "Guaranteed Obligations" shall mean the Obligations guaranteed by the Guarantors pursuant to this Article IV. This Section 4.06 shall not be deemed to affect any right of subrogation, indemnity, reimbursement or contribution that any Guarantor may have under Law against the Borrower in respect of any payment of Guaranteed Obligations. Notwithstanding the foregoing, all rights of contribution against any Guarantor shall terminate from and after such time, if ever, that such Guarantor shall be relieved of its obligations in accordance with Section 10.11.

4.07 Guarantee of Payment; Continuing Guarantee.

The guarantee in this Article IV is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Obligations whenever arising.

ARTICLE V
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

5.01 Conditions of Initial Credit Extension.

The obligation of each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) Loan Documents, Organization Documents, Etc. The Administrative Agent's receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and its legal counsel:

(i) executed counterparts of this Agreement and the other Loan Documents;

(ii) a Note executed by the Borrower in favor of each Lender requesting a Note;

(iii) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Closing Date;

(iv) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party; and

(v) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in (A) the jurisdiction of its incorporation or organization and (B) each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Opinions of Counsel. The Administrative Agent shall have received, in each case dated as of the Closing Date and in form and substance reasonably satisfactory to the Administrative Agent:

(i) a legal opinion of Gibson Dunn & Crutcher LLP, general counsel for the Loan Parties;

(ii) a legal opinion of special local counsel for each Loan Party not organized in the State of Delaware; and

(iii) a legal opinion of special local counsel for the Loan Parties for each state in which any Mortgaged Property is located.

(c) Personal Property Collateral. The Administrative Agent shall have received:

(i) searches of Uniform Commercial Code filings in the jurisdiction of the chief executive office of each Loan Party and each jurisdiction where any Collateral is located or where a filing would need to be made in order to perfect the Collateral Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens;

(ii) UCC financing statements for each appropriate jurisdiction as is necessary, in the Administrative Agent's sole discretion, to perfect the Collateral Agent's security interest in the Collateral;

(iii) searches of ownership of, and Liens on, intellectual property of each Loan Party in the appropriate governmental offices;

(iv) all certificates evidencing any certificated Capital Stock pledged to the Collateral Agent pursuant to the Security Agreement, together with duly executed in blank, undated stock powers attached thereto (unless, with respect to the pledged Capital Stock of any Foreign Subsidiary, such stock powers are deemed unnecessary by the Administrative Agent in its reasonable discretion under the law of the jurisdiction of incorporation of such Person);

(v) duly executed notices of grant of security interest in the form required by the Security Agreement as are necessary, in the Administrative Agent's sole discretion, to perfect the Collateral Agent's security interest in the Collateral;

(vi) duly executed consents as are necessary, in the Administrative Agent's reasonable discretion, to perfect the Collateral Agent's security interest in the Collateral; and

(vii) in the case of any personal property Collateral located at a premises leased by a Loan Party, such estoppel letters, consents and waivers from the landlords on such real property as may be reasonably required by the Administrative Agent.

(d) Real Property Collateral. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) fully executed and notarized mortgages, deeds of trust or deeds to secure debt (each, as the same may be amended, modified, restated or supplemented from time to time, a "Mortgage" and collectively the "Mortgages") encumbering the fee interest of any Loan Party in each of the Real Properties designated as a Mortgaged Property in Schedule 6.20(a) (each a "Mortgaged Property" and collectively the "Mortgaged Properties");

(ii) ALTA mortgagee title insurance policies issued by Stewart Title Guaranty Company (the "Mortgage Policies") with respect to each Mortgaged Property, assuring the Administrative Agent that each of the Mortgages creates a valid and enforceable first priority mortgage lien on the applicable Mortgaged Property, free and clear of all defects and encumbrances except Permitted Liens, which Mortgage Policies shall otherwise be in form and substance reasonably satisfactory to the Administrative Agent (such Mortgage Policies may contain a survey exception) and shall include such endorsements as are reasonably requested by the Administrative Agent;

(iii) evidence as to (A) whether any Mortgaged Property is in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards (a "Flood Hazard Property") and (B) if any Mortgaged Property is a Flood Hazard Property, (1) whether the community in which such Mortgaged Property is located is participating in the National Flood Insurance Program, (2) the applicable Loan Party's written acknowledgment of receipt of written notification from the Administrative Agent (a) as to the fact that such Mortgaged Property is a Flood Hazard Property and (b) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program and (3) copies of insurance policies or certificates of insurance of the Consolidated Parties evidencing flood insurance satisfactory to the Administrative Agent and naming the Collateral Agent as sole loss payee on behalf of the Lenders;

(iv) evidence reasonably satisfactory to the Administrative Agent that each of the Mortgaged Properties, and the uses of the Mortgaged Properties, are in compliance in all material respects with all applicable zoning laws (the evidence submitted as to which should include the zoning designation made for each of the Mortgaged Properties, the permitted uses of each such Mortgaged Properties under such zoning designation and, if available, zoning requirements as to parking, lot size, ingress, egress and building setbacks); and

(v) an appraisal of each Mortgaged Property satisfactory to the Administrative Agent.

(e) Availability. After giving effect to the initial Loans made and Letters of Credit issued hereunder on the Closing Date, the Aggregate Revolving Commitments shall exceed the Total Revolving Outstandings by at least $25,000,000.

(f) Evidence of Insurance. Receipt by the Administrative Agent of copies of insurance policies or certificates of insurance of the Loan Parties evidencing liability and casualty insurance meeting the requirements set forth in the Loan Documents, including, but not limited to, naming the Collateral Agent as additional insured (in the case of liability insurance) or loss payee (in the case of hazard insurance) on behalf of the Lenders.

(g) Government Consent. Receipt by the Administrative Agent of evidence that all governmental, shareholder and material third party consents and approvals necessary or desirable in connection with the transactions contemplated hereby, and no law or regulation shall be applicable which in the judgment of the Administrative Agent could have such effect.

(h) Consummation of Private Placement. The Administrative Agent shall be satisfied that (i) the Borrower shall have received gross proceeds of at least $50 million from the issuance by the Borrower of Senior Notes under the 2003 Note Purchase Agreement on terms that are satisfactory to the Administrative Agent and (ii) the Consolidated Parties shall have no Indebtedness except for Indebtedness permitted under Section 8.03. The Administrative Agent shall have received a copy, certified by a Responsible Officer of the Borrower as true and complete, of the Senior Note Agreements (an any amendments thereto) as originally executed and delivered, together with all exhibits and schedules thereto. The obligations owing under the Existing Credit Agreement shall have been paid in full and the commitments thereunder terminated.

(i) Officer's Certificates. The Administrative Agent shall have received a certificate or certificates executed by a Responsible Officer of the Borrower as of the Closing Date, in form and substance satisfactory to the Administrative Agent, stating that (A) each Loan Party is in compliance with all existing material financial obligations, (B) all governmental, shareholder and third party consents and approvals, if any, with respect to the Loan Documents and the transactions contemplated thereby have been obtained (and attaching copies thereof), (C) no action, suit, investigation or proceeding is pending or threatened in any court or before any arbitrator or governmental instrumentality that purports to affect any Loan Party or any transaction contemplated by the Loan Documents, if such action, suit, investigation or proceeding could reasonably be expected to have a Material Adverse Effect and (D) immediately after giving effect to the transactions contemplated hereby, (1) no Default or Event of Default would result, (2) all representations and warranties contained herein and in the other Loan Documents are true and correct in all material respects and (3) assuming that such calculations are made on the Closing Date, the Loan Parties are in compliance with each of the financial covenants set forth in Section 8.11 as of the first date provided for the measurement of each of such financial covenants in accordance with the terms thereof.

(j) Intercreditor Agreement. The Administrative Agent shall have received an executed copy of the Intercreditor Agreement.

(k) Fees. Any fees required to be paid on or before the Closing Date shall have been paid.

(l) Attorney Costs. Unless waived by the Administrative Agent, the Borrower shall have paid all Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Closing Date.

(m) Other. Receipt by the Lenders of such other documents, instruments, agreements or information as reasonably requested by any Lender, through the Administrative Agent, including, but not limited to, information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, material contracts, environmental matters, debt agreements, property ownership and contingent liabilities of the Consolidated Parties.

5.02 Conditions to all Credit Extensions.

The obligation of each Lender to honor any Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower and each other Loan Party contained in Article VI or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 5.02, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01.

(b) No Default shall exist, or would result from such proposed Credit Extension.

(c) There shall not have been commenced against any Consolidated Party an involuntary case under any applicable Debtor Relief Law, now or hereafter in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of its Property or for the winding up or liquidation of its affairs, and such involuntary case or other case, proceeding or other action shall remain undismissed.

(d) The Administrative Agent and, if applicable, the applicable L/C Issuer shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.02(a), (b) and (c) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

The Loan Parties represent and warrant to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power; Compliance with Laws.

Each Consolidated Party (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents, if any, to which it is a party and (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, (i) any Contractual Obligation to which such Person is a party or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law (including, without limitation, Regulation U or Regulation X issued by the FRB); except in each case referred to in clause (b)(i), (b)(ii) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by any Loan Party of this Agreement or any other Loan Document, except for (a) consents, authorizations, notices and filings described in Schedule 6.03, all of which have been obtained or made or have the status described in such Schedule 6.03 and (b) filings or recordations to perfect the Liens created by the Collateral Documents.

6.04 Binding Effect.

This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms except as enforceability may be limited by applicable Debtor Relief Laws and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

6.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of the Consolidated Parties as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Consolidated Parties as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited consolidated financial statements of the Consolidated Parties contained in the Borrower's 10 Q for the period ended August 31, 2002, and the related consolidated statements of income or operations and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of the Consolidated Parties as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) During the period from November 30, 2001 to and including the Closing Date, there has been no sale, transfer or other disposition by any Consolidated Party of any material part of the business or Property of the Consolidated Parties, taken as a whole, and no purchase or other acquisition by any of them of any business or property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of the Consolidated Parties, taken as a whole, in each case, which is not reflected in the foregoing financial statements or in the notes thereto and has not otherwise been disclosed in writing to the Lenders on or prior to the Closing Date.

(d) The financial statements delivered pursuant to Section 7.01(a) and (b) have been prepared in accordance with GAAP (except as may otherwise be permitted under Section 7.01(a) and (b)) and present fairly in all material respects (on the basis disclosed in the footnotes to such financial statements) the consolidated financial condition, results of operations and cash flows of the Consolidated Parties as of such date and for such periods.

(e) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

6.06 Litigation.

Except as set forth on Schedule 6.06, there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Consolidated Party or against any of its properties or revenues that (a) purport to affect this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

6.07 No Default.

No Consolidated Party is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

6.08 Ownership of Property; Liens.

Each Consolidated Party has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Consolidated Parties is subject to no Liens, other than Permitted Liens.

6.09 Environmental Compliance.

Except for matters that could not reasonably be expected to have a Material Adverse Effect:

(a) Each of the Real Properties and all operations at the Real Properties are in compliance with all applicable Environmental Laws, there is no violation of any Environmental Law with respect to the Real Properties or the Businesses, and there are no conditions relating to the Real Properties or the Businesses that could give rise to liability under any applicable Environmental Laws.

(b) None of the Real Properties contains, or has previously contained, any Hazardous Materials at, on or under the Real Properties in amounts or concentrations that constitute or constituted a violation of, or could give rise to liability under, Environmental Laws.

(c) No Consolidated Party has received any written or verbal notice of, or inquiry from any Governmental Authority regarding, any violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Real Properties or the Businesses, nor does any Responsible Officer of any Loan Party have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) Hazardous Materials have not been transported or disposed of from the Real Properties, or generated, treated, stored or disposed of at, on or under any of the Real Properties or any other location, in each case by or on behalf of any Consolidated Party in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the best knowledge of the Responsible Officers of the Loan Parties, threatened, under any Environmental Law to which any Consolidated Party is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Consolidated Parties, the Real Properties or the Businesses.

(f) There has been no release, or threat of release, of Hazardous Materials at or from the Real Properties, or arising from or related to the operations (including, without limitation, disposal) of any Consolidated Party in connection with the Real Properties or otherwise in connection with the Businesses, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

6.10 Insurance.

The properties of the Borrower and its Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Restricted Subsidiary operates. As of the Closing Date, the insurance coverage of the Loan Parties is outlined as to carrier, policy number, expiration date, type and amount on Schedule 6.10.

6.11 Taxes.

The Consolidated Parties have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges therein shown to be due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. To the knowledge of the Responsible Officers of the Loan Parties, there is no proposed tax assessment against the Borrower or any Restricted Subsidiary that would, if made, have a Material Adverse Effect.

6.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Responsible Officers of the Loan Parties, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Responsible Officers of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) no Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

6.13 Subsidiaries.

The corporate capital and ownership structure of the Consolidated Parties as of the Closing Date is as described in Schedule 6.13(a). Set forth on Schedule 6.13(b) is a complete and accurate list as of the Closing Date with respect to the Borrower and each of its direct and indirect Subsidiaries of (i) jurisdiction of incorporation, (ii) number of shares of each class of Capital Stock outstanding, (iii) number and percentage of outstanding shares of each class owned (directly or indirectly) by the Consolidated Parties and (iv) number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and all other similar rights with respect thereto as of the Closing Date. The outstanding Capital Stock of all such Persons is validly issued, fully paid and non-assessable and is owned by the Consolidated Parties, directly or indirectly, in the manner set forth on Schedule 6.13(b), free and clear of all Liens (other than those arising under or contemplated in connection with the Credit Documents). Other than as set forth in Schedule 6.13(b), neither the Borrower nor any of its Restricted Subsidiaries has outstanding any securities convertible into or exchangeable for its Capital Stock nor does any such Person have outstanding any rights to subscribe for or to purchase or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to its Capital Stock.

6.14 Margin Regulations; Investment Company Act; Public Utility Holding Company Act.

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary (i) is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940 or (iii) subject to regulation under any other Law which limits its ability to incur Indebtedness.

6.15 Disclosure.

Each Loan Party has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other written information furnished by any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

6.16 Compliance with Laws.

Each Consolidated Party is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.17 Intellectual Property.

Each Consolidated Party owns, or has the legal right to use, all material trademarks, service marks, trade names, trade dress, patents, copyrights, technology, know-how and processes (the "Intellectual Property") necessary for each of them to conduct its business as currently conducted. Set forth on Schedule 6.17 is a list of all Intellectual Property registered or pending registration with the United States Copyright Office or the United States Patent and Trademark Office and owned by each Loan Party as of the Closing Date. Except as provided on Schedule 6.17, no claim has been asserted and is pending by any Person challenging or questioning the use of the Intellectual Property or the validity or effectiveness of the Intellectual Property, nor does any Responsible Officer of any Loan Party know of any such claim, and, to the knowledge of the Responsible Officers of the Loan Parties, the use of the Intellectual Property by any Consolidated Party or the granting of a right or a license in respect of the Intellectual Property from any Consolidated Party does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect. As of the Closing Date, none of the Intellectual Property of the Loan Parties is subject to any licensing agreement or similar arrangement except as set forth on Schedule 6.17.

6.18 Solvency.

The Loan Parties are Solvent on a consolidated basis.

6.19 Investments.

All Investments of each Consolidated Party are Permitted Investments.

6.20 Business Locations.

Set forth on Schedule 6.20(a) is a list of all Real Properties located in the United States that are owned or leased by the Loan Parties of America as of the Closing Date. Set forth on Schedule 6.20(b) is a list of all locations where any tangible personal property of a Loan Party is located as of the Closing Date. Set forth on Schedule 6.20(c) is the chief executive office, jurisdiction of incorporation or formation and principal place of business of each Loan Party as of the Closing Date.

6.21 Brokers' Fees.

No Consolidated Party has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Loan Documents.

6.22 Labor Matters.

Except as set forth on Schedule 6.22, there are no collective bargaining agreements or Multiemployer Plans covering the employees of a Consolidated Party as of the Closing Date and none of the Consolidated Parties has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last two years.

6.23 Nature of Business.

As of the Closing Date, the Consolidated Parties are engaged in the following businesses (and other business reasonably related thereto): (a) manufacturing and marketing of high-performance coatings and surfacer systems, (b) manufacturing and marketing of filament-wound and molded fiberglass pipe and fittings, and (c) supplying products and services used in the construction of water pipelines and (d) supplying ready-mix concrete, crushed and sized basaltic aggregates, dune sand, concrete pipe and box culverts.

6.24 Representations and Warranties from Other Loan Documents.

Each of the representations and warranties made by any of the Loan Parties in any of the other Loan Documents is true and correct in all material respects.

ARTICLE VII
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, each Loan Party shall, and shall (except in the case of the covenants set forth in Sections 7.01, 7.02, 7.03 and 7.11) cause each Restricted Subsidiary to:

7.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent or the Required Lenders:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Consolidated Parties as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; the delivery by the Borrower to the Administrative Agent and each Lender of the Borrower's Form 10K for each fiscal year within the above referenced 90 day period shall satisfy Borrower's obligations under this Section 7.01(a);

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Consolidated Parties as at the end of such fiscal quarter, and the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Consolidated Parties in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes; the delivery by the Borrower to the Administrative Agent and each Lender of the Borrower's Form 10Q for each fiscal quarter within the above referenced 45 day period shall satisfy Borrower's obligations under this Section 7.01(b); and

(c) if any Unrestricted Subsidiaries exist on the last day of a fiscal quarter, as soon as available, but in any event within 45 days (other than the fourth fiscal quarter, in which case 90 days) after the end of such fiscal quarter of the Borrower, a consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidating statements of income or operations and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP.

7.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Section 7.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or, if any such Default shall exist, stating the nature and status of such event; provided, however, that such independent certified public accountant shall not be liable by reason of any failure to obtain knowledge of any Default with respect to accounting matters that would not customarily be disclosed in the course of their audit examination or with respect to any matters that are not accounting matters;

(b) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(c) within 90 days after the end of each fiscal year of the Borrower, a certificate containing information regarding the amount of all Dispositions (other than any Excluded Disposition), Debt Issuances, Equity Issuances and Acquisitions that occurred during the prior fiscal year.

(d) promptly after the same are available, (i) copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934 and not otherwise required to be delivered to the Administrative Agent pursuant hereto and (ii) upon the request of the Administrative Agent, all material reports and written information to and from the United States Environmental Protection Agency, or any state or local agency responsible for environmental matters, the United States Occupational Health and Safety Administration, or any state or local agency responsible for health and safety matters, or any successor agencies or authorities concerning environmental, health or safety matters;

(e) promptly upon receipt thereof, a copy of any audit report or "management letter" submitted by independent accountants to any Consolidated Party in connection with any annual, interim or special audit of the books of such Person;

(f) promptly after the same are available, copies of each notice, financial statement or other report or communication sent to the Senior Noteholders and not otherwise required to be delivered to the Administrative Agent pursuant hereto; and

(g) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender, through the Administrative Agent, may from time to time reasonably request.

Documents required to be delivered pursuant to Section 7.01(a) or (b) or Section 7.02(d) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 11.02; or (ii) on which such documents are posted on the Borrower's behalf on IntraLinks/IntraAgency or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent and each Lender of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 7.02(b) to the Administrative Agent and each of the Lenders. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

7.03 Notices and Information.

(a) Promptly notify the Administrative Agent and each Lender of the occurrence of any Default.

(b) Promptly notify the Administrative Agent and each Lender of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including any of the following events with such effect: (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws.

(c) Promptly notify the Administrative Agent and each Lender of the occurrence of any ERISA Event.

(d) Promptly notify the Administrative Agent and each Lender of any material change in accounting policies or financial reporting practices by the Borrower or any Restricted Subsidiary.

(e) Upon the reasonable written request of the Administrative Agent following the occurrence of any event or the discovery of any condition which the Administrative Agent or the Required Lenders reasonably believe has caused (or could be reasonably expected to cause) the representations and warranties set forth in Section 6.09 to be untrue, the Loan Parties will furnish or cause to be furnished to the Administrative Agent, at the Loan Parties' expense, a report of an environmental assessment of reasonable scope, form and depth, (including, where appropriate, invasive soil or groundwater sampling) by a consultant reasonably acceptable to the Administrative Agent as to the nature and extent of the presence of any Materials of Environmental Concern on any Mortgaged Properties and as to the compliance by any Consolidated Party with Environmental Laws at such Mortgaged Properties. If the Loan Parties fail to deliver such an environmental report within 120 days after receipt of such written request then the Administrative Agent may arrange for same, and the Loan Parties hereby grant to the Administrative Agent and its representatives access to the Mortgaged Properties to reasonably undertake such an assessment (including, where appropriate, invasive soil or groundwater sampling). The reasonable cost of any assessment arranged for by the Administrative Agent pursuant to this provision will be payable by the Loan Parties on demand and added to the obligations secured by the Collateral Documents.

(f) At the time of delivery of the financial statements and reports provided for in Section 7.01(a) and 7.01(b), deliver to the Administrative Agent a report signed by an Responsible Officer of the Borrower setting forth (i) a list of registration numbers for all patents, trademarks, service marks, trade names and copyrights awarded to any Loan Party since the last day of the immediately preceding fiscal quarter and (ii) a list of all patent applications, trademark applications, service mark applications, trade name applications and copyright applications submitted by any Loan Party since the last day of the immediately preceding fiscal quarter and the status of each such application, all in such form as shall be reasonably satisfactory to the Administrative Agent.

Each notice pursuant to this Section 7.03(a) through (e) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

7.04 Payment of Obligations.

Pay, discharge and/or otherwise perform prior to delinquency (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Restricted Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property (other than a Permitted Lien); and (c) all Indebtedness and other Contractual Obligations which, if unpaid or unperformed, could reasonably be expected to have a Material Adverse Effect, but subject to any subordination provisions contained in any instrument or agreement evidencing any such Indebtedness.

7.05 Preservation of Existence, Etc.

(a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.04 or 8.05; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business except to the extent the failure to maintain any such rights, privileges, permits, licenses and franchises could not reasonably be expected to result in a Material Adverse Effect; and (c) to the extent permitted under applicable law, preserve or renew all of its material registered copyrights, patents, trademarks, trade names and service marks.

7.06 Maintenance of Properties.

(a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear and Involuntary Dispositions excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities, in each case, except to the extent the failure to undertake any of the actions described in the forgoing clauses (a) through (c), inclusive, could not reasonably be expected to result in a Material Adverse Effect.

7.07 Maintenance of Insurance.

Maintain in full force and effect insurance (including worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice. The Collateral Agent shall be named as loss payee or mortgagee, as its interest may appear, and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Collateral Agent, that it will give the Collateral Agent thirty (30) days prior written notice before any such policy or policies shall be altered or canceled.

7.08 Compliance with Laws.

Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.09 Books and Records.

(a) Maintain in all material respects proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Restricted Subsidiary, as the case may be; and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or such Restricted Subsidiary, as the case may be.

7.10 Inspection Rights.

Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Administrative Agent or the Lender, as the case may be, and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may reasonably do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice. The Loan Parties agree that the Administrative Agent, and its representatives, may conduct an annual audit of the Collateral, at the reasonable expense of the Loan Parties.

7.11 Use of Proceeds.

Use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

7.12 Additional Guarantors.

Notify the Administrative Agent at the time that (a) any Person becomes a Domestic Restricted Subsidiary or (b) any Subsidiary of any Loan Party guarantees the Borrower's obligations under any Senior Note Agreement, and promptly thereafter (and in any event within 30 days), cause such Person to (i) become a Guarantor by executing and delivering to the Administrative Agent a Joinder Agreement, and (ii) deliver to the Administrative Agent documents of the types referred to in clauses (iii) and (iv) of Section 5.01(a) and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a)), all in form, content and scope reasonably satisfactory to the Administrative Agent.

7.13 Pledged Assets.

Each Loan Party will (i) cause all of its owned real and personal Property other than Excluded Property to be subject at all times to first priority, perfected and, in the case of owned real Property, title insured Liens in favor of the Collateral Agent to secure the Obligations pursuant to the terms and conditions of the Collateral Documents or, with respect to any such Property acquired subsequent to the Closing Date, such other additional security documents as the Administrative Agent shall reasonably request, subject in any case to Permitted Liens and (ii) deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 financing statements, real estate title insurance policies, landlord's waivers, certified resolutions and other organizational and authorizing documents of such Person, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and the perfection of the Collateral Agent's Liens thereunder) and other items of the types required to be delivered pursuant to Section 5.01(c) and (d), all in form, content and scope reasonably satisfactory to the Administrative Agent. Without limiting the generality of the above, the Loan Parties will cause (A) 100% of the issued and outstanding Capital Stock of each direct Domestic Subsidiary of a Loan Party and (B) 65% (or such greater percentage that, due to a change in an applicable Law after the date hereof, (1) could not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent and (2) could not reasonably be expected to cause any material adverse tax consequences) of the issued and outstanding Capital Stock entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Capital Stock not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary directly owned by the Borrower or any Domestic Restricted Subsidiary to be subject at all times to a first priority, perfected Lien in favor of the Collateral Agent (it being recognized that perfection actions need only be taken in foreign countries as set forth in Section 7.14 hereof) pursuant to the terms and conditions of the Collateral Documents or such other security documents as the Administrative Agent shall reasonably request.

7.14 Further Assurances.

Within ninety (90) days following the Closing Date (or such later date as the Administrative Agent may determine in its reasonable discretion), the Loan Parties shall deliver to the Collateral Agent pledge agreements (or similar documents) governed by the laws of the respective jurisdictions of organization of the following Foreign Restricted Subsidiaries, together with a legal opinion of special foreign counsel for such jurisdiction: Ameron (Pte.) Ltd., Ameron B.V., Ameron (Australia) PTY Limited, Ameron Holdings (NZ) Limited and Ameron UK Limited. All such documents shall be in form and substance reasonably satisfactory to the Administrative Agent.

ARTICLE VIII
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, no Loan Party shall, nor shall it permit any Restricted Subsidiary to, directly or indirectly:

8.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the date hereof and listed on Schedule 8.01 and any renewals or extensions thereof, provided that the property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by Section 8.03(b);

(c) Liens (other than Liens imposed under ERISA) for taxes, assessments or governmental charges or levies not yet delinquent or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the ordinary course of business, provided that such Liens secure only amounts not yet delinquent and no other action has been taken to enforce the same or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which do not, in the aggregate, materially detract from the value of the property subject thereto, materially interfere with the ordinary conduct of the business of the applicable Person or impair the operation of such property for the purposes for which it is or may reasonably be expected to be used;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 9.01 (h) or securing appeal or other surety bonds related to such judgments;

(i) Liens securing Indebtedness permitted under Section 8.03(e); provided that (i) such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness, (ii) the Indebtedness secured thereby does not exceed the cost of the Property being acquired on the date of acquisition and (iii) such Liens attach to such Property concurrently with or within 180 days after the acquisition thereof;

(j) leases or subleases granted to others not interfering in any material respect with the business of any Consolidated Party;

(k) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;

(l) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 8.02;

(m) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(n) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection;

(o) Liens on assets of Foreign Restricted Subsidiaries securing Indebtedness permitted under Section 8.03(h);

(p) Liens securing Indebtedness permitted under Section 8.03(i); provided that such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness; and

(q) Liens on Property not constituting Collateral securing Indebtedness permitted under Section 8.03(k).

8.02 Investments.

Make any Investments, except:

(a) Investments held by the Borrower or such Restricted Subsidiary in the form of Cash Equivalents;

(b) Investments existing as of the Closing Date and set forth in Schedule 8.02;

(c) Investments consisting of advances or loans to directors, officers, employees, agents, customers or suppliers in an aggregate principal amount (including Investments of such type set forth in Schedule 8.02) not to exceed $1,000,000 at any time outstanding;

(d) (i) Investments in any Person that is a Loan Party prior to giving effect to such Investment and (ii) Investments made in connection with the formation of (but not the Acquisition of) a new Guarantor, so long as the Loan Parties have complied with Sections 7.12 and 7.13:

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(f) Guarantees permitted by Section 8.03;

(g) Investments consisting of an Acquisition by the Borrower or any Restricted Subsidiary of the Borrower, provided that (i) the Property acquired (or the Property of the Person acquired) in such Acquisition is used or useful in the same or a similar line of business as the Borrower and its Restricted Subsidiaries were engaged in on the Closing Date (or any reasonable extensions or expansions thereof), (ii) the Collateral Agent shall have received (to the extent then required to be delivered) all items in respect of the Capital Stock or Property acquired in such Acquisition required to be delivered by the terms of Section 7.12 and/or Section 7.13, (iii) in the case of an Acquisition of the Capital Stock of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition, (iv) immediately prior to, and after giving effect to such Acquisition, no Default or Event of Default shall exist, (v) the representations and warranties made by the Loan Parties in any Loan Document shall be true and correct in all material respects at and as if made as of the date of such Acquisition (after giving effect thereto) except to the extent such representations and warranties expressly relate to an earlier date, (vi) after giving effect to such Acquisition, there shall be at least $25,000,000 of availability existing under the Aggregate Revolving Commitments and (vii) the aggregate consideration (including cash and non-cash consideration, any assumption of Indebtedness and any earn-out payments, but excluding consideration consisting of any Capital Stock of the Borrower issued to the seller of the Capital Stock or Property acquired in such Acquisition) paid by the Consolidated Parties for all such Acquisitions occurring during any period of twelve consecutive months shall not exceed $25,000,000;

(h) Investments in life insurance policies maintained for the benefit of members of the executive management of the Borrower;

(i) Investments in Unrestricted Subsidiaries in an amount not to exceed $5,000,000 in the aggregate at any time outstanding; or

(j) Investments of a nature not otherwise contemplated in this Section 8.02 in an amount not to exceed $15,000,000 in the aggregate at any time outstanding.

8.03 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of the Borrower and its Restricted Subsidiaries set forth in Schedule 8.03 (and renewals, refinancings and extensions thereof; provided that if such Indebtedness was previously unsecured, such renewed, refinanced or extended Indebtedness shall also be unsecured unless the Liens securing such Indebtedness are otherwise permitted by Section 8.01);

(c) intercompany Indebtedness arising from loans, advances and Guaranty Obligations permitted under this Section 8.02;

(d) obligations (contingent or otherwise) of the Borrower or any Restricted Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) purchase money Indebtedness (including obligations in respect of Capital Leases or Synthetic Lease Obligations) hereafter incurred by the Borrower or any of its Restricted Subsidiaries to finance the purchase of fixed assets and any refinancings thereof, provided that (i) the sum of (A) all such Indebtedness for all such Persons taken together plus (B) all Indebtedness outstanding pursuant to Section 8.03(i) shall not exceed an aggregate principal amount of $20,000,000 at any one time outstanding; (ii) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (iii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(f) Indebtedness arising under the 1996 Note Purchase Agreement and the Senior Notes issued thereunder;

(g) Indebtedness arising under the 2003 Note Purchase Agreement and the Senior Notes issued thereunder;

(h) Indebtedness of Foreign Restricted Subsidiaries not to exceed an aggregate principal amount of $10,000,000 at any one time outstanding;

(i) Indebtedness of the type described in Section 8.03(e) (including obligations in respect of Capital Leases or Synthetic Lease Obligations) hereafter assumed or acquired by the Borrower or any of its Restricted Subsidiaries in connection with an Acquisition permitted by Section 8.02(g)) and any refinancings thereof, provided that (i) the sum of (A) all such Indebtedness for all such Persons taken together plus (B) all Indebtedness outstanding pursuant to Section 8.03(e) shall not exceed an aggregate principal amount of $20,000,000 at any one time outstanding; and (ii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(j) unsecured Indebtedness not to exceed an aggregate principal amount of $15,000,000 at any one time outstanding; and

(k) other Indebtedness so long as the sum of (i) the aggregate principal amount of all such Indebtedness for all such Persons taken together plus (ii) the fair market value of all property subject to Sale and Leaseback Transactions where the underlying lease is an Operating Lease does not exceed $10,000,000 at any one time outstanding.

8.04 Fundamental Changes.

Except in connection with a Disposition permitted by Section 8.05, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person; provided that, notwithstanding the foregoing provisions of this Section 8.04 but subject to the terms of Sections 7.12 and 7.13, (a) the Borrower may merge or consolidate with any of its Restricted Subsidiaries provided that the Borrower shall be the continuing or surviving corporation, (b) any Loan Party other than the Borrower may merge or consolidate with any other Loan Party other than the Borrower, (c) any Consolidated Party which is not a Loan Party may be merged or consolidated with or into any Loan Party provided that such Loan Party shall be the continuing or surviving corporation, (d) any Consolidated Party which is not a Loan Party may be merged or consolidated with or into any other Consolidated Party which is not a Loan Party, (e) any Restricted Subsidiary of the Borrower may merge with any Person that is not a Loan Party in connection with a Disposition permitted under Section 8.05, (f) the Borrower or any Restricted Subsidiary of the Borrower may merge with any Person other than a Consolidated Party in connection with a an Acquisition by the Borrower or any Restricted Subsidiary of the Borrower permitted pursuant to the terms of Section 8.02(g) provided that, if such transaction involves the Borrower, the Borrower shall be the continuing or surviving corporation and (g) any Wholly Owned Subsidiary of the Borrower may dissolve, liquidate or wind up its affairs at any time provided that such dissolution, liquidation or winding up, as applicable, could not reasonably be expected to have a Material Adverse Effect.

8.05 Dispositions.

Make any Disposition other than an Excluded Disposition unless (a) subject to the second sentence of this Section 8.05, at least 80% of the consideration paid in connection therewith shall be cash or Cash Equivalents and shall be in an amount not less than the fair market value of the Property disposed of, (b) if such transaction is a Sale and Leaseback Transaction, such transaction is not prohibited by the terms of Section 8.16, (c) such transaction does not involve the sale or other disposition of a minority equity interest in any Consolidated Party, (d) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other Property concurrently being disposed of in a transaction otherwise permitted under this Section 8.05, (e) the aggregate net book value of all of the assets sold or otherwise disposed of by the Consolidated Parties in all such transactions during any period of twelve consecutive months shall not exceed $15,000,000, and (f) no later than five (5) Business Days prior to such Disposition, the Borrower shall have delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower specifying the anticipated date of such Disposition, briefly describing the assets to be sold or otherwise disposed of and setting forth the net book value of such assets and the aggregate consideration to be received for such assets in connection with such Disposition. Notwithstanding clause (a) of the preceding sentence, the Borrower and its Restricted Subsidiaries may make Dispositions that are not subject to such clause (a) so long as (i) the consideration paid in connection with any such Disposition does not exceed $5,000,000, (ii) the aggregate consideration that is not cash or Cash Equivalents for all such Dispositions (which consideration has not, subsequent to the date of such Disposition, been converted into cash or Cash Equivalents) does not exceed $5,000,000 and (iii) such Disposition otherwise complies with this Section 8.05.

8.06 Restricted Payments.

Declare or make, directly or indirectly, any Restricted Payment except that:

(a) each Restricted Subsidiary may make Restricted Payments (directly or indirectly) to any Loan Party;

(b) the Borrower and each Restricted Subsidiary may declare and make dividend payments or other distributions payable solely in the Capital Stock of such Person; and

(c) the Borrower may make other Restricted Payments so long as immediately before and after giving effect thereto, no Default shall exist.

8.07 Change in Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Restricted Subsidiaries on the date hereof or any business substantially related or incidental thereto.

8.08 Transactions with Affiliates and Insiders.

Enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person other than (a) intercompany transactions expressly permitted by Section 8.02, Section 8.03, Section 8.04 or Section 8.05, (b) transactions expressly permitted by Section 8.02(c) and (h) or Section 8.06, (c) normal compensation and reimbursement of expenses of and indemnities of officers and directors and (d) except as otherwise specifically limited in this Agreement, other transactions which are entered into in the ordinary course of such Person's business on terms and conditions substantially as favorable (or more favorable) to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director or Affiliate.

8.09 Burdensome Agreements.

Enter into any Contractual Obligation that encumbers or restricts on the ability of any such Person to (i) pay dividends or make any other distributions to any Loan Party on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, (ii) pay any Indebtedness or other obligation owed to any Loan Party, (iii) make loans or advances to any Loan Party, (iv) sell, lease or transfer any of its Property to any Loan Party or (v) except in respect of any Consolidated Party which is not a Loan Party, (A) pledge its Property (other than Excluded Property) pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof or (B) act as a Loan Party pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (i)-(v)(A) above) for (1) this Agreement and the other Loan Documents, (2) the Senior Note Agreements and the Senior Notes, in each case as in effect as of the Closing Date, (3) any document or instrument governing Indebtedness incurred pursuant to Section 8.03(e) or 8.03(i), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (4) any Permitted Lien or any document or instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (5) customary restrictions and conditions contained in any agreement relating to the sale of any Property permitted under Section 8.05 pending the consummation of such sale, (6) customary restrictions on transferability set forth in real property leaseholds, or (7) customary provisions restricting assignment of any Contractual Obligations entered into by the any Consolidated Party in the ordinary course of business.

8.10 Use of Proceeds.

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB), except for Restricted Payments resulting in the retirement of Capital Stock of the Borrower, or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund Indebtedness originally incurred for such purpose.

8.11 Financial Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Borrower to be greater than the ratio set forth below opposite such fiscal quarter:

Calendar year/ fiscal quarter end	February 28	May 31	August 31	November 30
2002	N/A	N/A	N/A	3.00 to 1.0
2003	3.00 to 1.0	3.00 to 1.0	3.00 to 1.0	3.00 to 1.0
2004	2.75 to 1.0	2.75 to 1.0	2.75 to 1.0	2.75 to 1.0
thereafter	2.50 to 1.0	2.50 to 1.0	2.50 to 1.0	2.50 to 1.0

(b) Consolidated Tangible Net Worth. Permit Consolidated Tangible Net Worth as of the end of any fiscal quarter of the Borrower to be less than the sum of $181,470,000, increased on a cumulative basis as of the end of each fiscal quarter of the Borrower, commencing with the fiscal quarter ending February 28, 2003 by an amount equal to the sum of (i) 50% of Consolidated Net Income (to the extent positive) for the fiscal quarter ended subsequent to the Closing Date and (ii) 75% of net cash proceeds from Equity Issuances occurring subsequent to the Closing Date.

(c) Consolidated Tangible Assets Coverage Ratio. Permit the Consolidated Tangible Assets Coverage Ratio as of the end of any fiscal quarter of the Borrower to be less than 1.0 to 1.0.

(d) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio as of the end of any fiscal quarter of the Borrower for the four fiscal quarter period ending on such date, to be less than 1.50 to 1.0.

8.12 Capital Expenditures.

Permit Consolidated Capital Expenditures for any fiscal year of the Borrower to exceed $30,000,000, plus the unused amount available for Consolidated Capital Expenditures under this Section 8.12 for the immediately preceding fiscal year (excluding any carry forward available from any prior fiscal year).

8.13 Prepayment of Other Indebtedness, Etc.

Permit any Consolidated Party to (a) amend or modify any of the terms of any Indebtedness of such Consolidated Party if such amendment or modification would add or change terms in a manner, when taken together with all other amendments or modifications made in connection therewith, materially adverse to such Consolidated Party or to the Lenders, or shorten the final maturity or average life to maturity or require any payment to be made sooner than originally scheduled or increase the interest rate applicable thereto, (b) with respect to Indebtedness other than the Senior Notes, if any Default has occurred and is continuing or would directly or indirectly result therefrom, make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of any such Indebtedness of such Consolidated Party or (c) make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of any of the Senior Notes unless (i) no Default has occurred and is continuing or would directly or indirectly result therefrom, (ii) the Consolidated Leverage Ratio as of the end of the most recently ended fiscal quarter of the Borrower (as reported in the Compliance Certificate delivered by the Borrower) is less than 2.0 to 1.0 and (iii) no Loans are outstanding at such time.

8.14 Organization Documents; Fiscal Year.

Permit any Consolidated Party to (a) amend, modify or change its Organization Documents in a manner adverse to the rights of the Lenders or (b) change its fiscal year.

8.15 Ownership of Subsidiaries.

Notwithstanding any other provisions of this Agreement to the contrary, permit any Consolidated Party to (i) permit any Person (other than the Borrower or any Wholly Owned Subsidiary of the Borrower) to own any Capital Stock of any Restricted Subsidiary of the Borrower, except (A) to qualify directors where required by applicable law or to satisfy other requirements of applicable law with respect to the ownership of Capital Stock of Foreign Restricted Subsidiaries or (B) as a result of or in connection with a dissolution, merger, consolidation or disposition of a Restricted Subsidiary not prohibited by Section 8.04 or Section 8.05, (ii) permit any Restricted Subsidiary of the Borrower to issue or have outstanding any shares of preferred Capital Stock or (iii) permit, create, incur, assume or suffer to exist any Lien on any Capital Stock of any Restricted Subsidiary of the Borrower, except for Permitted Liens.

8.16 Sale Leasebacks.

Permit any Consolidated Party to enter into any Sale and Leaseback Transaction, unless (a) if the underlying lease is a Capital Lease, the Indebtedness is permitted by Section 8.03 and the Disposition is permitted by Section 8.05 or (b) if the underlying lease is an Operating Lease, the sum of (i) all Indebtedness outstanding pursuant to Section 8.03(j) plus (ii) the fair market value of all property subject to Sale and Leaseback Transactions where the underlying lease is an Operating Lease does not exceed $10,000,000 at any one time outstanding.

ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default.

Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation, or (ii) within three days after the same becomes due, any interest on any Loan or on any L/C Obligation, any commitment or other fee due hereunder or any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. (i) The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 7.05 (as to the existence of the Borrower), 7.11, 7.12 or 7.13 or Article VIII; or

(ii) The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 7.01, 7.02 or 7.03 and such failure shall continue unremedied for a period of at least 5 days after the first to occur of (A) a Responsible Officer of the Borrower obtaining knowledge or (B) the Borrower's receipt of notice from the Administrative Agent of such failure; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the first to occur of (A) a Responsible Officer of the Borrower obtaining knowledge or (B) the Borrower's receipt of notice from the Administrative Agent of such failure; or

(d) Representations and Warranties. Any representation, warranty or certification made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) The Borrower or any Restricted Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise, but after giving effect to any grace period provided therefor) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts or evidenced by the Senior Notes) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs (other than an event giving rise to customary mandatory prepayment provisions (such as asset sales, equity sales, cash flow sweeps or casualty recoveries)), the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Borrower or any Restricted Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Borrower or any Restricted Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Borrower or such Restricted Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any of its Restricted Subsidiaries that are not Loan Parties institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) The Borrower or any Restricted Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(h) Judgments. There is entered against the Borrower or any Restricted Subsidiary (i) any one or more final judgments or orders for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents; Guarantees. (i) Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or (ii) except as the result of or in connection with a dissolution, merger or disposition of a Restricted Subsidiary not prohibited by Section 8.04 or Section 8.05, the Guaranty given by any Guarantor hereunder or any provision thereof shall cease to be in full force and effect, or any Guarantor hereunder or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under its Guaranty, or any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to its Guaranty; or

(k) Senior Note Agreements. There shall occur and be continuing any "Event of Default" (or any comparable term) under, and as defined in, any Senior Note Agreement; or

(l) Change of Control. There occurs any Change of Control.

9.02 Remedies Upon Event of Default.

If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

9.03 Application of Funds.

Subject to the terms of the Intercreditor Agreement, after the acceleration of the Obligations as provided for in Section 9.02(b) (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, L/C Borrowings and Swap Contracts between any Loan Party and any Lender of Affiliate of any Lender and to Cash Collateralize the undrawn amounts of Letters of Credit, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them;

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE X
ADMINISTRATIVE AGENT

10.01 Appointment and Authorization of Administrative Agent.

(a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and such L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this Article X and in the definition of "Agent-Related Person" included such L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the L/C Issuers.

10.02 Delegation of Duties.

The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

10.03 Liability of Administrative Agent.

No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

10.04 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 5.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

10.05 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default as may be directed by the Required Lenders in accordance with Article IX; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of the Lenders.

10.06 Credit Decision; Disclosure of Information by Administrative Agent.

Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

10.07 Indemnification of Administrative Agent.

Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive termination of the Aggregate Revolving Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

10.08 Administrative Agent in its Individual Capacity.

Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though Bank of America were not the Administrative Agent or an L/C Issuer hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent or an L/C Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

10.09 Successor Administrative Agent.

The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders; provided that any such resignation by Bank of America shall also constitute its resignation as an L/C Issuer. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which successor administrative agent shall be consented to by the Borrower at all times other than during the existence of an Event of Default (which consent of the Borrower shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, the Person acting as such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent, L/C Issuer and the respective terms "Administrative Agent" and "L/C Issuer" shall mean such successor administrative agent and Letter of Credit issuer, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated and the retiring L/C Issuer's rights, powers and duties as such shall be terminated, without any other or further act or deed on the part of such retiring L/C Issuer or any other Lender, other than the obligation of the successor L/C Issuer to issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or to make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 11.04 and 11.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

10.10 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.03(i) and (j), 2.08 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.08 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.11 Collateral and Guaranty Matters.

The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to instruct the Collateral Agent to release any Lien on any property granted to or held by the Collateral Agent under any Loan Document (i) upon termination of the Aggregate Revolving Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (or the Cash Collateralization thereof), (ii) that is transferred or to be transferred as part of or in connection with any Disposition permitted hereunder or under any other Loan Document, or (iii) subject to Section 11.01, if approved, authorized or ratified in writing by the Required Lenders;

(b) to subordinate any Lien on any Property granted to or held by the Collateral Agent under any Loan Document to the holder of any Lien on such Property that is permitted by Section 8.01(i);

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Restricted Subsidiary as a result of a transaction permitted hereunder; and

(d) to release any Lien on any property in which a Loan Party had no interest at the time the security interest was granted or at any time thereafter.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate the Collateral Agent's interest in particular types or items of Property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 10.11.

10.12 Other Agents; Arrangers and Managers.

None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent," "co-agent," "book manager," "lead manager," "arranger," "lead arranger" or "co-arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE XI
MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 9.02) without the written consent of such Lender (it being understood and agreed that a waiver of any condition precedent set forth in Section 5.02 or of any Default or Event of Default or mandatory reduction in the Commitments shall not constitute a change in the terms of any Commitment of any Lender);

(b) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(d) change Section 2.12 or Section 9.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(e) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(f) except as the result of or in connection with a Disposition not prohibited by Section 8.05, release all or substantially all of the Collateral without the written consent of each Lender;

(g) except as the result of or in connection with a dissolution, merger or disposition of a Loan Party not prohibited by Section 8.04 or Section 8.05, release the Borrower or substantially all of the other Loan Parties from its or their obligations under the Loan Documents without the written consent of each Lender; or

(h) amend the definition of "Permitted Foreign Currency";

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuers in addition to the Lenders required above, affect the rights or duties of the L/C Issuers under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by them; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein and (y) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders.

11.02 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or (subject to subsection (c) below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent or Bank of America in its capacity as an L/C Issuer, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender or any other L/C Issuer, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent and the L/C Issuers.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, upon actual receipt by the relevant party thereto or, if sent by registered or certified mail, four Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of subsection (c) below), when delivered; provided, however, that notices and other communications to the Administrative Agent and an L/C Issuer pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voicemail message be effective as a notice, communication or confirmation hereunder.

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Limited Use of Electronic Mail. Electronic mail and Internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information as provided in Section 7.02, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower except to the extent resulting from the gross negligence or willful misconduct of such Agent Related Person or Lender. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.04 Attorney Costs, Expenses and Taxes.

The Loan Parties jointly and severally agree (a) to pay or reimburse the Administrative Agent for all reasonable costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, and (b) to pay or reimburse the Administrative Agent and each Lender for all reasonable costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses reasonably incurred by the Administrative Agent and, if an Event of Default exists, the cost of an independent public accounting firm and other outside experts retained by the Administrative Agent on behalf of the Lenders. All amounts due under this Section 11.04 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the termination of the Aggregate Revolving Commitments and repayment of all other Obligations.

11.05 Indemnification by the Borrower.

Whether or not the transactions contemplated hereby are consummated, the Loan Parties jointly and severally shall indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the applicable L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to the Borrower, any Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements resulted from the gross negligence or willful misconduct of such Indemnitee. No Indemnitee shall be liable for any damages arising from the use by Persons other than its Affiliates, directors, officers, employees, counsel, agents, and attorneys-in-fact of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement, nor shall any Indemnitee have any liability for any indirect or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts due under this Section 11.05 shall be payable within twenty Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Revolving Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.06 Payments Set Aside.

To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof (or the Dollar Equivalent amount thereof) is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

11.07 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) or (h) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund (as defined in subsection (g) of this Section) with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned; (iii) any assignment of a Revolving Commitment must be approved by the Administrative Agent unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and the Intercreditor Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and the Intercreditor Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement and the Intercreditor Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 11.04 and 11.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.01 that directly affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.09 as though it were a Lender, provided such Participant agrees to be subject to Section 2.12 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.15 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(h) Notwithstanding anything to the contrary contained herein, any Lender that is a Fund may create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities, provided that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 11.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(i) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, upon 30 days' notice to the Borrower and the Lenders, resign as L/C Issuer. In the event of any such resignation as L/C Issuer, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer. If Bank of America resigns as L/C Issuer, it shall retain all the rights and obligations of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)).

11.08 Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any regulatory authority; (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; provided, however, that, unless prohibited by applicable law, statute, regulation, or court order, the Administrative Agent or applicable Lender shall notify Borrower of any request by any court, governmental or administrative agency, or pursuant to any subpoena or other legal process for disclosure of any Information concurrent with, or where practicable, prior to the disclosure thereof; (d) to any other party to this Agreement; (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any direct or indirect contractual counterparty or prospective counterparty (or such contractual counterparty's or prospective counterparty's professional advisor) to any credit derivative transaction relating to obligations of the Loan Parties; (g) with the consent of the Borrower; (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower; or (i) to the National Association of Insurance Commissioners or any other similar organization. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Administrative Agent and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments, and the Credit Extensions. For the purposes of this Section, "Information" means all information received from any Loan Party relating to any Loan Party or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

11.09 Set-off.

In addition to any rights and remedies of the Lenders provided by law and subject to the terms of the Intercreditor Agreement, after the acceleration of the Obligations as provided for in Section 9.02(b) (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 9.02), each Lender is authorized at any time and from time to time, without prior notice to the Borrower or any other Loan Party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Loan Party) to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Lender hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or indebtedness. Each Lender agrees that it shall not exercise any right of setoff or banker’s Lien if such action or exercise could reasonably be expected to result in the loss of the Collateral Agent's Lien on the Collateral pursuant to the California “one action” rule (Section 726 of the California Code of Civil Procedure).

11.10 Interest Rate Limitation.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.11 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.12 Integration.

This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document (other than the Intercreditor Agreement), the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.13 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

11.14 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.15 Tax Forms.

(a) (i) Each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code (a "Foreign Lender") shall deliver to the Borrower and the Administrative Agent, prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to a complete exemption from withholding tax on all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement or the other Loan Documents) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement and the other Loan Documents and certifying that such Lender is entitled to a complete exemption from withholding tax on all such payments) or such other evidence satisfactory to the Borrower and the Administrative Agent that such Foreign Lender is entitled to a complete exemption from U.S. withholding tax, including any exemption pursuant to Section 881(c) of the Code. Thereafter and from time to time, each such Foreign Lender shall (A) promptly submit to the Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Borrower and the Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement and the other Loan Documents, (B) promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (C) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid or mitigate any requirement of applicable Laws that the Borrower make any deduction or withholding for taxes from amounts payable to such Foreign Lender.

(ii) Each Foreign Lender, to the extent it does not act or ceases to act for its own account with respect to any portion of any sums paid or payable to such Lender under any of the Loan Documents (for example, in the case of a typical participation by such Lender), shall deliver to the Administrative Agent on the date when such Foreign Lender ceases to act for its own account with respect to any portion of any such sums paid or payable, and at such other times as may be necessary in the determination of the Administrative Agent (in the reasonable exercise of its discretion), (A) two duly signed completed copies of the forms or statements required to be provided by such Lender as set forth above, to establish the portion of any such sums paid or payable with respect to which such Lender acts for its own account that is not subject to U.S. withholding tax, and (B) two duly signed completed copies of IRS Form W-8IMY (or any successor thereto), together with any information such Lender chooses to transmit with such form, and any other certificate or statement of exemption required under the Code, to establish that such Lender is not acting for its own account with respect to a portion of any such sums payable to such Lender.

(iii) The Borrower shall not be required to pay any additional amount to any Foreign Lender under Section 3.01 (A) with respect to any Taxes required to be deducted or withheld on the basis of the information, certificates or statements of exemption such Lender transmits with an IRS Form W-8IMY pursuant to this Section 11.15(a) or (B) if such Lender shall have failed to satisfy the foregoing provisions of this Section 11.15(a); provided that if such Lender shall have satisfied the requirement of this Section 11.15(a) on the date such Lender became a Lender or ceased to act for its own account with respect to any payment under any of the Loan Documents (and if such Lender thereafter provides forms, certificates and evidence establishing an exemption or reduction of withholding tax to the extent such Lender remains legally able to do so), nothing in this Section 11.15(a) shall relieve the Borrower of its obligation to pay any amounts pursuant to Section 3.01 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender or other Person for the account of which such Lender receives any sums payable under any of the Loan Documents is not subject to withholding or is subject to withholding at a reduced rate.

(iv) The Administrative Agent may, without reduction, withhold any Taxes required to be deducted and withheld from any payment under any of the Loan Documents with respect to which the Borrower is not required to pay additional amounts under this Section 11.15(a).

(b) Upon the request of the Administrative Agent, each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to the Administrative Agent two duly signed completed copies of IRS Form W-9. If such Lender fails to deliver such forms, then the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable back-up withholding tax imposed by the Code, without reduction. Borrower shall not be required to pay any additional amount to any Lender under Section 3.01 with respect to any withholding under this Section 11.15(b).

(c) If any Governmental Authority asserts that the Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, and costs and expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the termination of the Aggregate Revolving Commitments, repayment of all other Obligations hereunder and the resignation of the Administrative Agent.

11.16 Replacement of Lenders.

Under any circumstances set forth herein providing that the Borrower shall have the right to replace a Lender as a party to this Agreement, the Borrower may, upon notice to such Lender and the Administrative Agent, replace such Lender by causing such Lender to assign its Commitment and outstanding Loans (with the assignment fee to be paid by the Borrower in such instance) pursuant to Section 11.07(b) to one or more other Lenders or Eligible Assignees procured by the Borrower. The Borrower shall (y) pay in full all principal, interest, fees and other amounts owing to such Lender through the date of replacement (including any amounts payable pursuant to Section 3.05), and (z) release such Lender from its obligations under the Loan Documents. Any Lender being replaced shall execute and deliver an Assignment and Assumption with respect to such Lender's Commitment and outstanding Loans and participations in L/C Obligations.

11.17 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

11.18 Waiver of Right to Trial by Jury.

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

11.19 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Loan Parties in respect of any such sum due from them to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from the Loan Parties in the Agreement Currency, the Loan Parties agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to the Loan Parties (or to any other Person who may be entitled thereto under applicable law).

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

BORROWER:

AMERON INTERNATIONAL CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Senior Vice President & CFO

By: */s/ Javier Solis*
Name: Javier Solis
Title: Senior Vice President & Secretary

GUARANTORS:

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERON COMPOSITES INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: */s/ Russell A. McClymont*
Name: Russell A. McClymont
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A., as a Lender, L/C Issuer

By: */s/ Russell A. McClymont*
Name: Russel A. McClymont
Title: Vice President

BNP PARIBAS, as a Lender

By: */s/ Janice S.H. Ho*
Name: Janice S.H. Ho
Title: Director

WELLS FARGO BANK, N.A., as a Lender

By: */s/ Randall J. Repp*
Name: Randall J. Repp
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.,
as a Lender

By: */s/ George Plazola*
Name: George Plazola
Title: Vice President

COMERICA BANK, as a Lender

By: */s/ Elise Walker*
Name: Elise Walker
Title: Asst. Vice President

BANK OF HAWAII, as a Lender

By: */s/ Linda Ho*
Name: Linda Ho
Title: Officer

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "Amendment") dated as of June 11, 2004, is to that certain Credit Agreement dated as of January 24, 2003 (as amended and modified from time to time, the "Credit Agreement"), by and among **AMERON INTERNATIONAL CORPORATION**, a Delaware corporation (the "Borrower"), **THE SUBSIDIARIES OF THE BORROWER FROM TIME TO TIME PARTIES THERETO AND IDENTIFIED AS "GUARANTORS" ON THE SIGNATURE PAGES HERETO** (the "Guarantors"), **THE PERSONS FROM TIME TO TIME PARTIES THERETO AND IDENTIFIED AS "LENDERS" ON THE SIGNATURE PAGES HERETO** (the "Lenders"), **BANK OF AMERICA, N.A.**, as administrative agent (the "Agent") and **BANC OF AMERICA SECURITIES LLC**, as sole lead arranger and book manager.

W I T N E S S E T H

WHEREAS, the Lenders have, pursuant to the terms of the Credit Agreement, made available to the Borrower and the Guarantors credit facilities in an aggregate amount of $100,000,000;

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. Definitions. Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Credit Agreement.

B. Amendments.

1. The pricing grid appearing in the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement is hereby replaced with the following pricing grid:

Applicable Rates

Pricing Level	Consolidated Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans	Letter of Credit Fees	Commitment Fee
1	< 1.00 to 1.0	0.875%	0.00%	0.875%	0.200%
2	> 1.00 to 1.0 but < 1.75 to 1.0	1.125%	0.125%	1.125%	0.250%
3	> 1.75 to 1.0 but < 2.50 to 1.0	1.375%	0.375%	1.375%	0.300%
4	> 2.50 to 1.0	1.75%	0.75%	1.75%	0.350%

2. The definitions of "Consolidated EBITDA", "Default Rate", "Fee Letter" and "Maturity Date" in Section 1.01 of the Credit Agreement are hereby amended to read as follows:

"Consolidated EBITDA" means, for any period, for the Consolidated Parties on a consolidated basis, determined in accordance with GAAP, an amount equal to the sum of, without duplication, (a) Consolidated Net Income plus (b) Consolidated Interest Charges and all amounts treated as expenses for depreciation and the amortization of intangibles of any kind to the extent included in the determination of Consolidated Net Income, plus (c) all tax expense on or measured by income or capital to the extent included in the determination of Consolidated Net Income plus (d) amounts received as cash dividends or other distributions in respect of equity from Affiliates and Unconsolidated Subsidiaries to the extent not included in the determination of Consolidated Net Income minus (e) equity earnings from Affiliates and Unrestricted Subsidiaries to the extent included in the determination of Consolidated Net Income minus (f) gains on the sale or other disposition of assets to the extent included in the determination of Consolidated Net Income plus (g) losses on the sale or other disposition of assets to the extent included in the determination of Consolidated Net Income plus (h) non-cash extraordinary losses and expenses to the extent included in the determination of Consolidated Net Income (provided that to the extent such non-cash losses and expenses represent an accrual or reserve for future cash disbursements, the future cash disbursements shall be deducted in the periods in which they are made) minus (i) non-cash extraordinary gains and income to the extent included in the determination of Consolidated Net Income plus (j) upon termination and/or payout of the Borrower's Executive Deferral Plan and Supplemental Executive Retirement Plan, one-time charges in an aggregate amount not to exceed $18,000,000 in respect of the nonrecurring acceleration of benefit costs that would otherwise be recognized in future years with respect to such plans in an aggregate amount not to exceed $27,000,000.

"Default Rate" means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate and any Mandatory Cost) otherwise applicable to such Loan plus 2% per annum, in each case to the fullest extent permitted by applicable Laws.

"Fee Letter" means the letter agreement, dated April 21, 2004, among the Borrower, the Administrative Agent and the Arranger.

"Maturity Date" means June 11, 2008.

3. A new definition of "Mandatory Cost" is hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

"Mandatory Cost" means, with respect to any period, the percentage rate per annum determined in accordance with Exhibit 1.01.

4. Section 2.07(a) of the Credit Agreement is hereby amended to read as follows:

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate plus (in the case of a Eurodollar Rate Loan of any Lender which is lent from a Lending Office in the United Kingdom or a Participating Member State) the Mandatory Cost; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

5. Section 3.04(a) of the Credit Agreement is hereby amended to read as follows:

(a) If any Lender determines that as a result of the introduction of or any change in or in the interpretation of any Law, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 shall govern), (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is organized or has its Lending Office, (iii) reserve requirements contemplated by Section 3.04(c), and (iv) the requirements of the Bank of England and the Financial Services Authority or the European Central Bank reflected in the Mandatory Cost, other than as set forth below)) or the Mandatory Cost, as calculated hereunder, does not represent the cost to such Lender of complying with the requirements of the Bank of England and/or the Financial Services Authority or the European Central Bank in relation to its making, funding or maintaining of Eurocurrency Rate Loans, then if such Lender generally is assessing such amounts to its borrowers that are similarly situated with the Borrower, from time to time upon demand of such Lender, accompanied by a certificate described in Section 3.06(a) (with a copy of such demand and certificate to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction or, if applicable, the portion of such cost that is not represented by the Mandatory Cost. If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 3.04(a), then such Lender will agree to take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid or mitigate any requirement for compensation under this Section 3.04(a).

6. A new Section 7.03(g) is hereby added to the Credit Agreement to read as follows:

(g) Promptly notify the Administrative Agent and each Lender upon termination and/or payout of either or the Borrower's Executive Deferral Plan and Supplemental Executive Retirement Plan, in each case in existence as of June 11, 2004.

7. A new paragraph is added to Section 7.14 of the Credit Agreement to read as follows:

On or before the date that is fifty days (or such later date as the Administrative Agent may determine in its reasonable discretion) after the date following the termination and/or payout of either of the Borrower's Executive Deferral Plan and Supplemental Executive Retirement Plan, in each case in existence as of June 11, 2004 without a corresponding surrender for cash of the life insurance policies that would otherwise be available to pay benefits under such plans, the Loan Parties shall deliver to the Collateral Agent pledges or assignments of their interest in such life insurance policies. All such documents shall be in form and substance reasonably satisfactory to the Administrative Agent.

8. Section 8.11(b) of the Credit Agreement is hereby amended to read as follows:

(b) Consolidated Tangible Net Worth. Permit Consolidated Tangible Net Worth as of the end of any fiscal quarter of the Borrower to be less than the sum of $195,000,000, increased on a cumulative basis as of the end of each fiscal quarter of the Borrower, commencing with the fiscal quarter ending May 31, 2004 by an amount equal to the sum of (i) 50% of Consolidated Net Income (to the extent positive) for each such fiscal quarter and (ii) 75% of net cash proceeds from Equity Issuances occurring subsequent to February 28, 2004.

9. A new Section 11.20 is hereby added to the Credit Agreement to read as follows:

11.20 USA PATRIOT Act Notice.

Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act.

10. A new Exhibit 1.01 in the form of Exhibit 1.01 hereto is hereby added to the Credit Agreement.

C. Conditions Precedent. This Amendment shall be and become effective as of June 11, 2004 (the "Effective Date") when all of the conditions set forth in this paragraph C shall have been satisfied.

1. Execution of Counterparts of Amendment. The Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Agent and the Lenders.

2. Corporate Resolutions / Good Standing Certificates / Opinion of Counsel. The Agent shall have received (i) copies of resolutions of the Boards of Directors of the Borrower and each Guarantor approving and adopting the Amendment and authorizing execution and delivery thereof, certified by a secretary or assistant secretary of the Borrower or such Guarantor to be true and correct and in force and effect as of the date hereof, (ii) good standing certificates for the each of the Borrower and the Guarantors issued as of a recent date by the Secretary of State of the jurisdiction of its organization and (iii) a legal opinion of counsel for the Borrower and the Guarantors, dated as of the Effective Date, in form and substance satisfactory to the Agent.

3. Upfront Fees; Etc. The Borrower shall have paid (a) to each Lender such upfront fee as agreed among such Lender, the Borrower and the Agent and (b) to each of the Agent, the Arranger and the L/C Issuer, all amounts due and payable to such Persons on the Effective Date in accordance with the terms and conditions of the Fee Letter.

4. No Material Adverse Effect. Since November 30, 2003, there shall have been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5. Availability. After giving effect to the Credit Extensions, if any, made on the Effective Date, the Aggregate Revolving Commitments shall exceed the Total Revolving Outstandings by at least $25,000,000.

6. Note Purchase Agreement Amendments. The Agent shall have received duly executed copies of amendments to the 1996 Note Purchase Agreement (as defined in the Intercreditor Agreement) and the 2003 Note Purchase Agreement (as defined in the Intercreditor Agreement), in each case, in form and substance reasonably satisfactory to the Agent.

D. Expenses. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Agent's legal counsel.

E. Effect. Except as expressly modified and amended in this Amendment, all of the terms, provisions and conditions of the Credit Agreement are and shall remain in full force and effect and are incorporated herein by reference, and the obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect. Any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the Credit Agreement are hereby amended so that any reference to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

F. Representations and Warranties. The Borrower and each Guarantor represents and warrants to the Lenders that (i) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, (ii) no Default exists and (iii) none of the Borrower or any Guarantor has any counterclaims, offsets, credits or defenses to the Loan Documents and the performance of their respective obligations thereunder, or if the Borrower or any Guarantor has any such claims, counterclaims, offsets, credits or defenses to the Loan Documents or any transaction related to the Loan Documents, the same are hereby waived, relinquished and released in consideration of the Lenders' execution and delivery of this Amendment.

G. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

H. Governing Law. This Amendment and the Credit Agreement, shall be governed by and construed in accordance with, the laws of the State of New York.

I. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

J. Authorization; Enforceability. The Borrower and each Guarantor hereby represent and warrant as follows:

1. The Borrower and each Guarantor have taken all necessary action to authorize the execution, delivery and performance of this Amendment.

2. This Amendment has been duly executed and delivered by the Borrower and each Guarantor, and this Amendment and the Credit Agreement (as amended hereby) constitute the Borrower's and the Guarantors' legal, valid and binding obligations, enforceable in accordance with their terms, except as such enforceability may be subject to (a) Debtor Relief Laws and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by the Borrower or any Guarantor of this Amendment.

K. **Entire Agreement.** This Amendment together with the other Loan Documents represent the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written if any, relating to the Loan Documents or the transactions contemplated herein and therein.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed under seal and delivered as of the date and year first above written.

BORROWER:

AMERON INTERNATIONAL CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Senior Vice President & CFO

By: */s/ Javier Solis*
Name: Javier Solis
Title: Senior Vice President & Secretary

GUARANTORS:

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERON COMPOSITES INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

WR CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: */s/ Russell A. McClymont*
Name: Russell A. McClymont
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A., as a Lender and L/C Issuer

By: */s/ Russell A. McClymont*
Name: Russell A. McClymont
Title: Vice President

BNP PARIBAS, as a Lender

By: */s/ Janice S.H. Ho*
Name: Janice S.H. Ho
Title: Director

WELLS FARGO BANK, N.A., as a Lender

By: */s/ Perry Moreth*
Name: Perry Moreth
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.,
as a Lender

By: */s/ George Plazola*
Name: George Plazola
Title: Vice President

COMERICA BANK, as a Lender

By: */s/ Elise Walker*
Name: Elise Walker
Title: Vice President

BANK OF HAWAII, as a Lender

By: */s/ John P. McKenna*
Name: John P. McKenna
Title: Vice President

Exhibit 1.01

MANDATORY COST FORMULAE

1. The Mandatory Cost (to the extent applicable) is an addition to the interest rate to compensate Lenders for the cost of compliance with:

(a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions); or

(b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as practicable thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the "Additional Cost Rate") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum. The Administrative Agent will, at the request of the Borrower or any Lender, deliver to the Borrower or such Lender as the case may be, a statement setting forth the calculation of any Mandatory Cost.

3. The Additional Cost Rate for any Lender lending from a Lending Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by such Lender in its notice to the Administrative Agent as the cost (expressed as a percentage of such Lender's participation in all Loans made from such Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of Loans made from that Lending Office.

4. The Additional Cost Rate for any Lender lending from a Lending Office in the United Kingdom will be calculated by the Administrative Agent as follows:

(a) in relation to any Loan in Sterling:

$$\frac{AB+C(B-D)+E \times 0.01}{100 - (A+C)} \text{ per cent per annum}$$

(b) in relation to any Loan in any currency other than Sterling:

$$\frac{E \times 0.01}{300} \text{ per cent per annum}$$

Where:

"A" is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

"B" is the percentage rate of interest (excluding the Applicable Rate, the Mandatory Cost and any interest charged on overdue amounts pursuant to the first sentence of Section 2.07(b) and, in the case of interest (other than on overdue amounts) charged at the Default Rate, without counting any increase in interest rate effected by the charging of the Default Rate) payable for the relevant Interest Period of such Loan.

"C" is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

"D" is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.

"E" is designed to compensate Lenders for amounts payable under the Fees Regulations and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Lenders to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

"Eligible Liabilities" and "Special Deposits" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

"Fees Regulations" means the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

"Fee Tariffs" means the fee tariffs specified in the Fees Regulations under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Regulations but taking into account any applicable discount rate); and

"Tariff Base" has the meaning given to it in, and will be calculated in accordance with, the Fees Regulations.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (*i.e.* 5% will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Administrative Agent or the Borrower, each Lender with a Lending Office in the United Kingdom or a Participating Member State shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent and the Borrower, the rate of charge payable by such Lender to the Financial Services Authority pursuant to the Fees Regulations in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by such Lender as being the average of the Fee Tariffs applicable to such Lender for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of such Lender.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:

(a) its jurisdiction of incorporation and the jurisdiction of the Lending Office out of which it is making available its participation in the relevant Loan; and

(b) any other information that the Administrative Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Administrative Agent in writing of any change to the information provided by it pursuant to this paragraph.

9. The percentages or rates of charge of each Lender for the purpose of A, C and E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits, Special Deposits and the Fees Regulations are the same as those of a typical bank from its jurisdiction of incorporation with a Lending Office in the same jurisdiction as such Lender's Lending Office.

10. The Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over- or under-compensates any Lender and shall be entitled to assume that the information provided by any Lender pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

13. The Administrative Agent may from time to time, after consultation with the Borrower and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (the "Amendment") dated as of November 25, 2005, is to that certain Credit Agreement dated as of January 24, 2003 (as amended and modified from time to time, the "Credit Agreement"), by and among AMERON INTERNATIONAL CORPORATION, a Delaware corporation (the "Borrower"), THE SUBSIDIARIES OF THE BORROWER FROM TIME TO TIME PARTIES THERETO AND IDENTIFIED AS "GUARANTORS" ON THE SIGNATURE PAGES HERETO (the "Guarantors"), THE PERSONS FROM TIME TO TIME PARTIES THERETO AND IDENTIFIED AS "LENDERS" ON THE SIGNATURE PAGES HERETO (the "Lenders"), BANK OF AMERICA, N.A., as administrative agent (the "Agent") and BANC OF AMERICA SECURITIES LLC, as sole lead arranger and book manager.

W I T N E S S E T H

WHEREAS, the Lenders have, pursuant to the terms of the Credit Agreement, made available to the Borrower and the Guarantors credit facilities in an aggregate amount of $100,000,000;

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. Definitions. Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Credit Agreement.

B. Amendments.

1. The pricing grid appearing in the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement is hereby replaced with the following pricing grid:

Applicable Rates

Pricing Level	Consolidated Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans	Letter of Credit Fees	Commitment Fee
1	< 1.00 to 1.0	0.750%	0.000%	0.750%	0.15%
2	> 1.00 to 1.0 but < 1.75 to 1.0	1.000%	0.000%	1.000%	0.20%
3	> 1.75 to 1.0 but < 2.50 to 1.0	1.250%	0.250%	1.250%	0.25%
4	> 2.50 to 1.0	1.625%	0.625%	1.625%	0.30%

2. The following definitions appearing in Section 1.01 of the Credit Agreement are hereby amended to read as follows:

"Intercreditor Agreement" means that certain Amended and Restated Collateral Agency and Intercreditor Agreement dated as of the Second Amendment Effective Date among the Lenders, the Senior Noteholders, the Administrative Agent and the Collateral Agent, as amended, modified, restated or supplemented from time to time.

"Maturity Date" means September 30, 2010.

"Senior Note Agreements" means (a) the 1996 Note Purchase Agreement, (b) the 2003 Note Purchase Agreement and (c) the 2005 Note Purchase Agreement.

"Senior Notes" means (a) the 7.92% notes due September 1, 2006 issued by the Borrower in favor of the applicable Senior Noteholders pursuant to the 1996 Note Purchase Agreement, (b) the 5.36% notes due November 30, 2009 issued by the Borrower in favor of the applicable Senior Noteholders pursuant to the 2003 Note Purchase Agreement and (c) the 4.245% notes due November 25, 2012 issued by Ameron (Pte) Ltd. in favor of the applicable Senior Noteholders pursuant to the 2005 Note Purchase Agreement, in each case, as such Senior Notes may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

3. The last sentence of the definition of "Unrestricted Subsidiary" appearing in Section 1.01 of the Credit Agreement is herby amended to read as follows:

No Subsidiary may be designated as an Unrestricted Subsidiary hereunder unless such Subsidiary is also designated as an "Unrestricted Subsidiary" for purposes of the (a) 1996 Note Purchase Agreement, (b) the 2003 Note Purchase Agreement and (c) the 2005 Note Purchase Agreement.

4. The following new definitions are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

"2005 Note Purchase Agreement" means that certain Note Purchase Agreement dated November 25, 2005 among Ameron (Pte) Ltd. and the applicable Senior Noteholders, as the same may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"Second Amendment Effective Date" means November 25, 2005.

5. Sections 8.03(c) and 8.03(g) of the Credit Agreement are hereby amended to read as follows:

(c) intercompany Indebtedness arising from loans, advances and Guaranty Obligations permitted under Section 8.02;

****

(g) Indebtedness arising under the 2003 Note Purchase Agreement, the 2005 Note Purchase Agreement and the respective Senior Notes issued thereunder;

6. Clause (2) appearing in Section 8.09 of the Credit Agreement is hereby amended to read as follows:

(2) the Senior Note Agreements and the Senior Notes, in each case as in effect as of the Second Amendment Effective Date,

7. Section 8.11(d) of the Credit Agreement is hereby amended to read as follows:

(d) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio as of the end of any fiscal quarter of the Borrower to be less than the ratio set forth below opposite such fiscal quarter:

Calendar year/ fiscal quarter end	February 28	May 31	August 31	November 30
2005	1.50 to 1.0	1.50 to 1.0	1.50 to 1.0	1.25 to 1.0
2006	1.25 to 1.0	1.25 to 1.0	1.25 to 1.0	1.35 to 1.0
2007	1.35 to 1.0	1.35 to 1.0	1.35 to 1.0	1.50 to 1.0
thereafter		1.50 to 1.0		

C. Amendments to Intercreditor and Collateral Documents. The Lenders hereby authorize the Administrative Agent and the Collateral Agent, as appropriate, to enter into such amendments to the Collateral Documents as the Collateral Agent may reasonably determine for purposes of causing the Collateral pledged pursuant thereto to secure the Senior Notes under the 2005 Note Purchase Agreement.

D. Conditions Precedent. This Amendment shall be and become effective as of the Second Amendment Effective Date when all of the conditions set forth in this paragraph D shall have been satisfied.

1. Execution of Counterparts of Amendment. The Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Agent and the Lenders.

2. Corporate Resolutions / Good Standing Certificates / Opinion of Counsel. The Agent shall have received (a) copies of resolutions of the Boards of Directors of the Borrower and each Guarantor approving and adopting the Amendment and authorizing execution and delivery thereof, certified by a secretary or assistant secretary of the Borrower or such Guarantor to be true and correct and in force and effect as of the date hereof, (b) good standing certificates for the each of the Borrower and the Guarantors issued as of a recent date by the Secretary of State of the jurisdiction of its organization and (c) a legal opinion of counsel for the Borrower and the Guarantors, dated as of the Second Amendment Effective Date, in form and substance satisfactory to the Agent.

3. Intercreditor Agreement/Collateral Documents. The Agent shall have received (a) counterparts of the Intercreditor Agreement which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Agent, the Collateral Agent, the Lenders and the Senior Noteholders, (b) amendments to the Security Agreement and the Mortgages, which collectively shall have been duly executed on behalf of each Loan Party party thereto and the Collateral Agent and (c) appropriate endorsements to the Mortgage Policies in form and substance reasonably satisfactory to the Agent.

4. Senior Note Agreements. The Agent shall have received copies, certified by a Responsible Officer of the Borrower as true and complete, of the 2005 Note Purchase Agreement and any amendments to the 1996 Note Purchase Agreement and 2003 Note Purchase Agreement, each as originally executed and delivered, together with all exhibits and schedules thereto.

5. Amendment Fees. The Borrower shall have paid (a) to the Agent, for the account of each Lender, an amendment fee equal to 0.075% of such Lender's Revolving Commitment and (b) to the Agent and the Arranger, all fees due and payable to such Persons on the Second Amendment Effective Date.

6. No Material Adverse Effect. Since November 30, 2004, there shall have been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

E. Expenses. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Agent's legal counsel.

F. Effect. Except as expressly modified and amended in this Amendment, all of the terms, provisions and conditions of the Credit Agreement are and shall remain in full force and effect and are incorporated herein by reference, and the obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect. Any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the Credit Agreement are hereby amended so that any reference to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

G. Representations and Warranties. The Borrower and each Guarantor represents and warrants to the Lenders that (i) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects on and as of the Second Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, (ii) no Default exists and (iii) none of the Borrower or any Guarantor has any counterclaims, offsets, credits or defenses to the Loan Documents and the performance of their respective obligations thereunder, or if the Borrower or any Guarantor has any such claims, counterclaims, offsets, credits or defenses to the Loan Documents or any transaction related to the Loan Documents, the same are hereby waived, relinquished and released in consideration of the Lenders' execution and delivery of this Amendment.

H. Counterparts. This Amendment may be executed in any number of counterparts (including facsimile or secure electronic format (.pdf) signatures), each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

I. Governing Law. This Amendment and the Credit Agreement, shall be governed by and construed in accordance with, the laws of the State of New York.

J. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

K. Authorization; Enforceability. The Borrower and each Guarantor hereby represent and warrant as follows:

1. The Borrower and each Guarantor have taken all necessary action to authorize the execution, delivery and performance of this Amendment.

2. This Amendment has been duly executed and delivered by the Borrower and each Guarantor, and this Amendment and the Credit Agreement (as amended hereby) constitute the Borrower's and the Guarantors' legal, valid and binding obligations, enforceable in accordance with their terms, except as such enforceability may be subject to (a) Debtor Relief Laws and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by the Borrower or any Guarantor of this Amendment.

L. Entire Agreement. This Amendment together with the other Loan Documents represent the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written if any, relating to the Loan Documents or the transactions contemplated herein and therein.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed under seal and delivered as of the date and year first above written.

BORROWER:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. Vice President & CFO

By: */s/ Javier Solis*
Name: Javier Solis
Title: Secretary

GUARANTORS:

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERON COMPOSITES INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: */s/ Tiffany Shin*
Name: Tiffany Shin
Title: Asst. Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: */s/ Robert W. Troutman*
Name: Robert W. Troutman
Title: Managing Director

BNP PARIBAS

By: */s/ Janice S. Ho*
Name: Janice S. Ho
Title: Director

WELLS FARGO BANK, N.A.

By: */s/ Charles C. Warner*
Name: Charles C. Warner
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: */s/ George Plazola*
Name: George Plazola
Title: Vice President

COMERICA BANK

By: */s/ Elise Walker*
Name: Elise Walker
Title: Vice President

BANK OF HAWAII

By: */s/ Linda R. Ho*
Name: Linda R. Ho
Title: Asst. Vice President

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (the "Amendment") dated as of January 24, 2007, is to that certain Credit Agreement dated as of January 24, 2003 (as amended and modified from time to time, the "Credit Agreement"), by and among AMERON INTERNATIONAL CORPORATION, a Delaware corporation (the "Borrower"), THE SUBSIDIARIES OF THE BORROWER FROM TIME TO TIME PARTIES THERETO AND IDENTIFIED AS "GUARANTORS" ON THE SIGNATURE PAGES HERETO (the "Guarantors"), THE PERSONS FROM TIME TO TIME PARTIES THERETO AND IDENTIFIED AS "LENDERS" ON THE SIGNATURE PAGES HERETO (the "Lenders"), BANK OF AMERICA, N.A., as administrative agent (the "Agent") and BANC OF AMERICA SECURITIES LLC, as sole lead arranger and book manager.

W I T N E S S E T H

WHEREAS, the Lenders have, pursuant to the terms of the Credit Agreement, made available to the Borrower and the Guarantors credit facilities in an aggregate amount of $100,000,000;

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. Definitions. Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Credit Agreement.

B. Amendments.

1. The definition of "Excluded Disposition" appearing in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

> "Excluded Disposition" means, with respect to any Consolidated Party, any Disposition consisting of (i) the sale, lease, license, transfer or other disposition of inventory in the ordinary course of such Consolidated Party's business, (ii) the sale, lease, license, transfer or other disposition of machinery and equipment no longer used or useful in the conduct of such Consolidated Party's business, (iii) any sale, lease, license, transfer or other disposition of Property by such Consolidated Party to any Loan Party, provided that the Loan Parties shall cause to be executed and delivered such documents, instruments and certificates as the Administrative Agent may request so as to cause the Loan Parties to be in compliance with the terms of Section 7.13 after giving effect to such transaction, (iv) any Involuntary Disposition by such Consolidated Party, (v) any Disposition by such Consolidated Party constituting a Permitted Investment, (vi) if such Consolidated Party is not a Loan Party, any sale, lease, license, transfer or other disposition of Property by such Consolidated Party to any Consolidated Party that is not a Loan Party, (vii) licenses of intellectual property in the ordinary course of business, (viii) the contribution of life insurance policies to rabbi trusts established in connection with executive compensation plans so long as the cost of the insurance policies so contributed does not exceed $3,000,000 during any fiscal year and (ix) the transfer by the Borrower of all of the Capital Stock of Ameron (Pte) Ltd. to Ameron Singapore Brazil Holdings Pte. Ltd., a Wholly Owned Subsidiary of the Borrower.

2. Section 8.02(d) of the Credit Agreement is hereby amended to read as follows:

(d) (i) Investments in any Person that is a Loan Party prior to giving effect to such Investment, (ii) Investments made in connection with the formation of (but not the Acquisition of) a new Guarantor, so long as the Loan Parties have complied with Sections 7.12 and 7.13, (iii) Investments made by any Restricted Subsidiary that is not a Loan Party in any other Restricted Subsidiary that is not a Loan Party and (iv) the contribution by the Borrower of the Capital Stock of Ameron (Pte) Ltd. to Ameron Singapore Brazil Holdings Pte. Ltd.

3. Section 8.06(a) of the Credit Agreement is hereby amended to read as follows:

(a) each Restricted Subsidiary may make Restricted Payments to the Loan Parties and any other Person that owns the Capital Stock of such Restricted Subsidiary, ratably according to their respective holdings of the type of Capital Stock in respect of which such Restricted Payment is being made;

C. Other Agreements. Within ninety (90) days of the effective date of this Amendment (or such later date as the Agent shall determine in its reasonable discretion), the Loan Parties shall deliver to the Collateral Agent a pledge agreement (or similar document) with respect to 65% of the Capital Stock of Ameron Singapore Brazil Holdings Pte. Ltd. governed by the laws of the Singapore, together with a legal opinion of Singapore counsel for the Borrower, each in form and substance reasonably satisfactory to the Agent.

D. Conditions Precedent. This Amendment shall be and become effective as of the date hereof when all of the conditions set forth in this paragraph D shall have been satisfied.

1. Execution of Counterparts of Amendment. The Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Agent and the Required Lenders.

2. Note Purchase Agreement Amendments. The Agent shall have received duly executed copies of amendments to the 2003 Note Purchase Agreement and the 2005 Note Purchase Agreement, in each case, in form and substance reasonably satisfactory to the Agent.

E. Expenses. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Agent's legal counsel.

F. Effect. Except as expressly modified and amended in this Amendment, all of the terms, provisions and conditions of the Credit Agreement are and shall remain in full force and effect and are incorporated herein by reference, and the obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect. Any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the Credit Agreement are hereby amended so that any reference to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.b

G. **Representations and Warranties.** The Borrower and each Guarantor represents and warrants to the Lenders that (i) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, (ii) no Default exists and (iii) none of the Borrower or any Guarantor has any counterclaims, offsets, credits or defenses to the Loan Documents and the performance of their respective obligations thereunder, or if the Borrower or any Guarantor has any such claims, counterclaims, offsets, credits or defenses to the Loan Documents or any transaction related to the Loan Documents, the same are hereby waived, relinquished and released in consideration of the Lenders' execution and delivery of this Amendment.

H. **Counterparts.** This Amendment may be executed in any number of counterparts (including facsimile or secure electronic format (.pdf) signatures), each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

I. **Governing Law.** This Amendment and the Credit Agreement, shall be governed by and construed in accordance with, the laws of the State of New York.

J. **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

K. **Authorization; Enforceability.** The Borrower and each Guarantor hereby represent and warrant as follows:

1. The Borrower and each Guarantor have taken all necessary action to authorize the execution, delivery and performance of this Amendment.

2. This Amendment has been duly executed and delivered by the Borrower and each Guarantor, and this Amendment and the Credit Agreement (as amended hereby) constitute the Borrower's and the Guarantors' legal, valid and binding obligations, enforceable in accordance with their terms, except as such enforceability may be subject to (a) Debtor Relief Laws and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by the Borrower or any Guarantor of this Amendment.

L. **Entire Agreement.** This Amendment together with the other Loan Documents represent the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written if any, relating to the Loan Documents or the transactions contemplated herein and therein.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed under seal and delivered as of the date and year first above written.

BORROWER:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. Vice President & CFO

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: EVP & Chief Operating Officer

GUARANTORS:

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERON COMPOSITES INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AGENT:

BANK OF AMERICA, N.A., as Agent

By: */s/ Brenda H. Little*
Name: Brenda H. Little
Title: Asst. Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: */s/ Robert W. Troutman*
Name: Robert W. Troutman
Title: Managing Director

BNP PARIBAS

By: */s/ Janice S.H. Ho*
Name: Janice S.H. Ho
Title: Managing Director

By: */s/ Charles C. Jou*
Name: Charles C. Jou
Title: Vice President

WELLS FARGO BANK, N.A.

By: */s/ Jay Hong*
Name: Jay Hong
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: */s/ Peter Thompson*
Name: Peter Thompson
Title: Vice President

COMERICA BANK

By: */s/ Elise M. Walker*
Name: Elise M. Walker
Title: Vice President

BANK OF HAWAII

By: */s/ John P. McKenna*
Name: John P. McKenna
Title: Vice President

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (the "Amendment") dated as of August 26, 2007, is to that certain Credit Agreement dated as of January 24, 2003 (as amended and modified from time to time, the "Credit Agreement"), by and among AMERON INTERNATIONAL CORPORATION, a Delaware corporation (the "Borrower"), the subsidiaries of the Borrower from time to time parties thereto and identified as "Guarantors" on the signature pages hereto (the "Guarantors"), the persons from time to time parties thereto and identified as "Lenders" on the signature pages hereto (the "Lenders"), BANK OF AMERICA, N.A., as administrative agent (the "Agent") and BANC OF AMERICA SECURITIES LLC, as sole lead arranger and book manager.

W I T N E S S E T H

WHEREAS, the Lenders have, pursuant to the terms of the Credit Agreement, made available to the Borrower and the Guarantors credit facilities in an aggregate amount of $100,000,000;

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. Definitions. Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Credit Agreement.

B. Amendment.

1. Section 8.12 of the Credit Agreement is amended by replacing "$30,000,000" with "$50,000,000" in such section.

C. Conditions Precedent. This Amendment shall be and become effective as of the date hereof upon Agent's receipt of counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Agent and the Required Lenders.

D. Expenses. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Agent's legal counsel.

E. Effect. Except as expressly modified and amended in this Amendment, all of the terms, provisions and conditions of the Credit Agreement are and shall remain in full force and effect and are incorporated herein by reference, and the obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect. Any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the Credit Agreement are hereby amended so that any reference to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

F. Representations and Warranties. The Borrower and each Guarantor represents and warrants to the Lenders that (i) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, (ii) no Default exists and (iii) none of the Borrower or any Guarantor has any counterclaims, offsets, credits or defenses to the Loan Documents and the performance of their respective obligations thereunder, or if the Borrower or any Guarantor has any such claims, counterclaims, offsets, credits or defenses to the Loan Documents or any transaction related to the Loan Documents, the same are hereby waived, relinquished and released in consideration of the Lenders' execution and delivery of this Amendment.

G. **Counterparts.** This Amendment may be executed in any number of counterparts (including facsimile or secure electronic format (.pdf) signatures), each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

H. **Governing Law.** This Amendment and the Credit Agreement, shall be governed by and construed in accordance with, the laws of the State of New York.

I. **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

J. **Authorization; Enforceability.** The Borrower and each Guarantor hereby represent and warrant as follows:

1. The Borrower and each Guarantor have taken all necessary action to authorize the execution, delivery and performance of this Amendment.

2. This Amendment has been duly executed and delivered by the Borrower and each Guarantor, and this Amendment and the Credit Agreement (as amended hereby) constitute the Borrower's and the Guarantors' legal, valid and binding obligations, enforceable in accordance with their terms, except as such enforceability may be subject to (a) Debtor Relief Laws and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party (including, without limitation, the holders of the Senior Notes) is required in connection with the execution, delivery or performance by the Borrower or any Guarantor of this Amendment.

K. **Entire Agreement.** This Amendment together with the other Loan Documents represent the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written if any, relating to the Loan Documents or the transactions contemplated herein and therein.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed under seal and delivered as of the date and year first above written.

BORROWER:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: SVP, CFO & Treasurer

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: EVP & Chief Operating Officer

GUARANTORS:

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
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Title: Vice President

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AMERON COMPOSITES INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

AGENT:

BANK OF AMERICA, N.A., as Agent

By: */s/ Brenda H. Little*
Name: Brenda H. Little
Title: Asst. Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: */s/ Robert W. Troutman*
Name: Robert W. Troutman
Title: Managing Director

BNP PARIBAS

By: */s/ Janice S.H. Ho*
Name: Janice S.H. Ho
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Name: Jay Hong
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By: */s/ Peter Thomson*
Name: Peter Thomson
Title: Vice President

COMERICA BANK

By: */s/ Elise M. Walker*
Name: Elise M. Walker
Title: Vice President

BANK OF HAWAII

By: */s/ John McKenna*
Name: John McKenna
Title: Vice President

AMERON INTERNATIONAL CORPORATION
245 South Los Robles Avenue
Pasadena, California 91101-3638

$50,000,000 5.36% Senior Secured Notes due November 30, 2009

January 24, 2003

TO EACH OF THE PURCHASERS LISTED ON
THE ATTACHED SIGNATURE PAGES:

Ladies and Gentlemen:

Ameron International Corporation, a Delaware corporation (the **"Company"**), agrees with you as follows:

1. **AUTHORIZATION OF NOTES.**

The Company will authorize the issue and sale of $50,000,000 aggregate principal amount of its 5.36% Senior Secured Notes due November 30, 2009 (the **"Notes"**, such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. The Notes shall be secured by the Collateral pursuant to the Collateral Documents and guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

2. **SALE AND PURCHASE OF NOTES.**

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Each of your obligations hereunder are several and not joint obligations and you shall have no obligation and no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

3. **CLOSING.**

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of O'Melveny & Myers LLP, 400 South Hope Street, Los Angeles, California 90071-2899, at 9:00 a.m., Los Angeles time, at a closing (the **"Closing"**) on January 24, 2003 or on such other Business Day thereafter on or prior to January 31, 2003 as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least $500,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds as directed by the Company in a funding instruction letter delivered to you at least two Business Days prior to Closing. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. **CONDITIONS TO CLOSING.**

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1. **Representations and Warranties.**

The representations and warranties of the Note Parties in the Note Documents shall be correct when made and at the time of the Closing.

4.2. **Performance; No Default.**

Each Note Party shall have performed and complied with all agreements and conditions contained in the Note Documents required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since August 31, 2002 that would have been prohibited by Section 10 hereof had such Section applied since such date.

4.3. **Compliance Certificate.**

The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

4.4. **Opinions of Counsel.**

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Javier Solis, Esq. and Gibson, Dunn & Crutcher LLP, General Counsel and Special Counsel, respectively, for the Company and the other Note Parties, covering the matters set forth in Exhibit 2(a) and Exhibit 2(b), respectively, and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you) and (b) from O'Melveny & Myers LLP, your special counsel in connection with such transactions, covering such matters incident to such transactions as you may reasonably request.

4.5. **Purchase Permitted By Applicable Law, etc.**

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6. **Sale of Other Notes.**

Contemporaneously with the Closing the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7. **Payment of Special Counsel Fees.**

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8. **Private Placement Number.**

A Private Placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9. **Changes in Corporate Structure.**

Except as specified in Schedule 4.9, the Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.5.

4.10. **Security Interests in Personal and Mixed Property.**

To the extent not otherwise satisfied pursuant to Section 4.11, you shall have received evidence satisfactory to you that the Note Parties shall have taken or caused to be taken all such actions, executed and delivered or caused to be executed and delivered all such agreements, documents and instruments, and made or caused to be made all such filings and recordings (other than the filing or recording of items described in clauses (b), (c) and (d) below) that may be necessary or, in your opinion or the opinion of the Collateral Agent, desirable in order to create in favor of the Collateral Agent, for the benefit of the Intercreditor Lenders, a valid and (upon such filing and recording) perfected First Priority security interest in the entire personal and mixed property Collateral. Such actions shall include the following:

(a) Stock Certificates. Delivery to the Collateral Agent of certificates (which certificates shall be accompanied by irrevocable undated stock powers, duly endorsed in blank and otherwise satisfactory in form and substance to the Collateral Agent) representing all Capital Stock pledged pursuant to the Security Agreement;

(b) Lien Searches and UCC Termination Statements. Delivery to the Collateral Agent of (a) the results of a recent search, by a Person satisfactory to the Collateral Agent, of all effective UCC financing statements and fixture filings and all judgment and tax lien filings which may have been made with respect to any personal or mixed property of any Note Party, together with copies of all such filings disclosed by such search, and (b) UCC termination statements duly executed by all applicable Persons for filing in all applicable jurisdictions as may be necessary to terminate any effective UCC financing statements or fixture filings disclosed in such search (other than any such financing statements or fixture filings in respect of Liens permitted to remain outstanding pursuant to the terms of this Agreement);

(c) UCC Financing Statements and Fixture Filings. Delivery to the Collateral Agent of UCC financing statements and, where appropriate, fixture filings, identifying each applicable Note Party, as debtor, with respect to all personal and mixed property Collateral of such Note Party, for filing in all jurisdictions as may be necessary or, in the opinion of the Collateral Agent, desirable to perfect the security interests created in such Collateral pursuant to the Collateral Documents;

(d) PTO Cover Sheets, Etc. Delivery to the Collateral Agent of all cover sheets or other documents or instruments required to be filed with the United States Patent and Trademark Office in order to create or perfect Liens in respect of any Collateral; and

(e) Opinions of Local Counsel. Delivery to you and the Collateral Agent of an opinion of counsel (which counsel shall be reasonably satisfactory to you and the Collateral Agent) under the laws of each jurisdiction in which any Note Party or any real property Collateral is located with respect to the creation and perfection of the security interests in favor of the Collateral Agent in such Collateral and such other matters governed by the laws of such jurisdiction regarding such security interests as you or the Collateral Agent may reasonably request, in each case in form and substance reasonably satisfactory to you and the Collateral Agent.

4.11. **Mortgages.**

The Collateral Agent shall have received from the Company:

(a) Mortgages. Fully executed and notarized Mortgages in proper form for recording in all appropriate places in all applicable jurisdictions, encumbering the Mortgaged Property.

(b) Title Insurance. (a) Title insurance policies in ALTA form (standard lenders' policy with survey exception) or unconditional commitments therefor (the **"Mortgage Policies"**) issued by the Title Company with respect to the Mortgaged Property, including a 1970 policy jacket or a policy jacket of later date which includes a waiver of arbitration, in amounts not less than the respective amounts designated therein with respect to the Mortgaged Property, insuring fee simple title to the Mortgaged Property vested in the applicable Note Party and insuring that the Mortgages create a valid and enforceable First Priority mortgage Lien on the Mortgaged Property encumbered thereby, subject only to Liens permitted by this Agreement and the other Note Documents, which Mortgage Policies shall provide for affirmative insurance and such reinsurance and endorsements as the Collateral Agent may reasonably request, all of the foregoing in form and substance reasonably satisfactory to the Collateral Agent; and (b) evidence satisfactory to the Collateral Agent that the Company has paid to the Title Company or to the appropriate governmental authorities all expenses and premiums of the Title Company in connection with the issuance of the Mortgage Policies and all recording and stamp taxes (including mortgage recording and intangible taxes) payable in connection with recording the Mortgages in the appropriate real estate records.

4.12. **Evidence of Insurance.**

You and the Collateral Agent shall have received a certificate from the Company's insurance broker or other evidence satisfactory to you that all insurance required to be maintained pursuant to the Collateral Documents is in full force and effect and that the Collateral Agent has been named as additional insured and/or loss payee thereunder to the extent required under the Collateral Documents.

4.13. **Note Party Documents.**

On or before the date of the Closing, the Company shall, and shall cause each other Note Party, to have delivered to you with respect to the Company or such Note Party, as the case may be, each, unless otherwise noted, dated the date of the Closing:

(a) Certified copies of the Organizational Documents of such Person, together with a good standing certificate from the Secretary of State of its jurisdiction of organization, and each other state in which the Company or such Subsidiary Guarantor has major operations or manufacturing facilities and, to the extent generally available, a certificate or other evidence of good standing as to payment of any applicable franchise or similar taxes from the appropriate taxing authority of each of such states, each to be dated a recent date prior to the date of the Closing;

(b) Resolutions of the Governing Body of such Person approving and authorizing the execution, delivery and performance of the Note Documents to which it is a party, certified as of the date of the Closing by the secretary or similar officer of such Person as being in full force and effect without modification or amendment;

(c) Signature and incumbency certificates of the officers of the Note Party executing the documents referred to in item (b) above, and any other documents, instruments and certificates required to be executed by such Note Party in connection herewith or therewith;

(d) Copies of the Note Documents, duly executed by each party thereto; and

(e) Such other documents or certificates as you may reasonably request.

4.14. **Collateral Agency and Intercreditor Agreement.**

On or before the date of the Closing, the Collateral Agency and Intercreditor Agreement shall have been duly executed and delivered by the parties thereto.

4.15. **Structuring Fee.**

In connection with this transaction, and as set forth in that certain commitment letter dated December 27, 2002, the Company shall have paid to the Purchasers a structuring fee in the aggregate amount of $50,000, and the Purchasers hereby confirm receipt of such structuring fee.

4.16. **Proceedings and Documents.**

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

5. **REPRESENTATIONS AND WARRANTIES OF THE COMPANY.**

The Company represents and warrants to you that:

5.1. **Organization; Power and Authority.**

The Company and each of its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Company and its Subsidiaries has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Notes and the other Note Documents to which it is a party and to perform the provisions hereof and thereof.

5.2. Authorization, etc.

This Agreement, the Notes and the other Note Documents have been duly authorized by all necessary corporate action on the part of each Note Party party thereto, and this Agreement and the other Note Documents constitute, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the each Note Party party thereto enforceable against such Note Party in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. **Disclosure.**

This Agreement, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements listed in Section 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as otherwise disclosed in Schedule 5.3, since November 30, 2001 there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

5.4. **Organization and Ownership of Shares of Subsidiaries; Affiliates.**

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers. As of the date of this Agreement, all such Subsidiaries are Restricted Subsidiaries.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. **Financial Statements.**

The Company has delivered to each Purchaser copies of (i) audited financial statements of the Company and its Restricted Subsidiaries for the fiscal years ended November 30, 2000 and 2001 and (ii) unaudited financial statements of the Company and its Restricted Subsidiaries for the fiscal quarter ended August 31, 2002 with figures in comparative form for the corresponding period in the preceding fiscal year. All such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Restricted Subsidiaries as of the respective dates specified and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6. **Compliance with Laws, Other Instruments, etc.**

The execution, delivery and performance of the Note Documents by each Note Party party thereto will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, Organizational Document, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

5.7. **Governmental Authorizations, etc.**

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by any Note Party of any Note Document.

5.8. **Litigation; Observance of Agreements, Statutes and Orders.**

(a) Except as disclosed on Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9. **Taxes.**

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate in accordance with GAAP.

5.10. **Title to Property; Leases.**

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement or any other Note Document. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11. **Licenses, Permits, etc.**

(a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Company, no product of the Company infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

5.12. **Compliance with ERISA.**

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term **"benefit liabilities"** has the meaning specified in section 4001 of ERISA and the terms **"current value"** and **"present value"** have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the other Note Documents, and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

5.13. **Private Offering by the Company.**

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you and the Other Purchasers, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14. **Use of Proceeds; Margin Regulations.**

The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). The Company and its Subsidiaries do not own any margin stock and the Company does not have any present intention of acquiring margin stock. As used in this Section, the terms **"margin stock"** and **"purpose of buying or carrying"** shall have the meanings assigned to them in said Regulation U.

5.15. **Existing Debt; Future Liens.**

(a) Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of December 31, 2002. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary and no event or condition exists with respect to any Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien.

5.16. **Foreign Assets Control Regulations, etc.**

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, neither the Company nor any of its Subsidiaries or its Affiliates (a) is or will become a Person whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such Person. The Company and its Subsidiaries and its Affiliates are in compliance, in all Material respects, with the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.17. **Status under Certain Statutes.**

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

5.18. **Environmental Matters.**

Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored, transported or disposed of any Hazardous Materials on or from any real properties now or formerly owned, leased or operated by any of them in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

5.19. **Creation, Perfection and Priority of Liens.**

The execution and delivery of the Collateral Documents by the Note Parties, together with the actions taken on or prior to the date hereof pursuant to Section 4.10, are effective to create in favor of the Collateral Agent for the benefit of the Intercreditor Lenders, as security for the Intercreditor Indebtedness, a valid First Priority Lien on all of the Collateral, and all filings and other actions necessary or desirable to perfect and maintain the perfection and First Priority status of such Liens have been duly made or taken and remain in full force and effect, other than (i) the filing of any UCC financing statements delivered to the Collateral Agent for filing (but not yet filed), (ii) the periodic filing of UCC continuation statements in respect of UCC financing statements filed by or on behalf of the Collateral Agent, (iii) the recordation of PTO cover sheets or other documents and instruments with the United States Patent and Trademark Office to perfect Liens in the intellectual property described therein, (iv) the recordations of the Mortgage in the county in which the corresponding Mortgaged Property is located, (v) any actions that may be required under Section 9.12, and (vi) as to any deposit account not maintained with the Collateral Agent, the execution and delivery of a control agreement relating to such deposit account if such control agreement is required to be delivered.

6. **REPRESENTATIONS OF THE PURCHASER.**

6.1. **Purchase for Investment.**

Each of you represents that you are an institutional "accredited investor" within the meaning of subparagraphs (1), (2), (3) or (7) of Rule 501(a) promulgated under the Securities Act. Each of you represents that you are purchasing the Notes to be purchased by you for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2. **Source of Funds.**

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

(i) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (**"PTE"**) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the **"NAIC Annual Statement"**)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract (s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with your state of domicile; or

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

(iii) the Source is either (a) an insurance company pooled separate account, within the meaning of PTE 90-1 or (b) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by you to the Company in writing pursuant to this clause (iii), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(iv) the Source constitutes assets of an "investment fund" (within the meaning of Part V of PTE 84-14 (the **"QPAM Exemption"**)) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such QPAM and (b) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (iv); or

(v) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the "INHAM Exemption")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Section IV(h) of the INHAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such INHAM and (b) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (v); or

(vi) the Source is a governmental plan; or

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

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

As used in this Section 6.2, the terms **"employee benefit plan"**, **"governmental plan"**, **"party in interest"** and **"separate account"** shall have the respective meanings assigned to such terms in Section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements — as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, consolidated statements of income and cash flows of the Company and its Restricted Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidated balance sheet of the Company and its Restricted Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP, satisfactory in form to the Required Holders and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; provided, however, that delivery pursuant to Section 7.1(d) below of copies of the Quarterly Report on Form 10-Q of the Company for such quarterly period filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a) if such Quarterly Report contains consolidated financial statements only with regard to the Company and its Restricted Subsidiaries;

(b) Annual Statements — as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidated statements of income, cash flows and stockholders' equity of the Company and its Restricted Subsidiaries for such year, and a consolidated balance sheet of the Company and its Restricted Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail, prepared in accordance with GAAP, satisfactory in form to the Required Holders, and accompanied

(i) by an opinion thereon of independent certified public accountants of recognized international standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(ii) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit)

; provided, however, that delivery pursuant to Section 7.1(d) below of copies of the Annual Report on Form 10-K of the Company for such fiscal year filed with the Securities and Exchange Commission and Annual Report to Stockholders shall be deemed to satisfy the requirements of this Section 7.1(b) if such Annual Reports contain consolidated financial statements only with regard to the Company and its Restricted Subsidiaries;

(c) Restricted Subsidiary Financial Statements — promptly upon their becoming available, notice that the Company has, at its election, arranged for the preparation of any independently audited consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity of a Restricted Subsidiary for any fiscal year, and promptly following the Company's receipt from any holder of any Note of a written request for copies of any such financial statements, copies thereof together with any report thereon by the independent public accountants auditing such financial statements;

(d) SEC and Other Reports — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Restricted Subsidiary to public securities holders generally, (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Restricted Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Restricted Subsidiary to the public concerning developments that are Material, and (iii) each other report submitted to the Company or any Restricted Subsidiary that is a Significant Subsidiary by independent accountants in connection with any material special audit made by them of the books of the Company or any such Significant Subsidiary;

(e) Notice of Default or Event of Default — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(f) ERISA Matters — promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuan to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(g) Notices from Governmental Authority — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(h) Requested Information — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of any of the Note Parties to perform their respective obligations hereunder, under the other Note Documents and under the Notes as from time to time may be reasonably requested by any such holder of Notes; and

(i) Additional Reporting — if any Unrestricted Subsidiaries exist on the last day of a fiscal quarter, as soon as available, but in any event within 45 days (other than the fourth fiscal quarter, in which case 90 days) after the end of such fiscal quarter of the Company, a consolidating balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter, and the related consolidating statements of income or operations and cash flows for such fiscal quarter and for the portion of the Company's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Company as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries in accordance with GAAP.

7.2. **Officer's Certificate.**

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

(a) Covenant Compliance — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 10.2(a)(i), 10.2(a)(ii), 10.3(h), 10.4, 10.5, 10.7 and 10.15 hereof during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default — a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Restricted Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Restricted Subsidiary to comply with the provisions of any Environmental Laws where such non-compliance could reasonably be expected to result in a Material Adverse Effect), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. **Inspection.**

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Restricted Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Restricted Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Restricted Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Restricted Subsidiaries), all at such times and as often as may be requested.

8. **PREPAYMENT OF THE NOTES.**

8.1. **Required Prepayments.**

On November 30, 2005 and on each November 30 thereafter to and including November 30, 2008 the Company will prepay $10,000,000 principal amount (or such lesser principal amount as shall then be outstanding) of the Notes at par and without payment of the Make-Whole Amount or any premium, provided, that upon any partial prepayment of the Notes pursuant to Section 8.2, the principal amount of each required prepayment of the Notes becoming due under this Section 8.1 on and after the date of any such partial prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment or purchase.

8.2. **Optional Prepayments with Make-Whole Amount.**

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than $1,000,000 of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date and the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3).

8.3. **Allocation of Partial Prepayments.**

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.4. **Maturity; Surrender, etc.**

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5. **[Intentionally Omitted].**

8.6. **Make-Whole Amount.**

The term **"Make-Whole Amount"** means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Reinvestment Yield"** shall mean, with respect to the Called Principal of any Note, 0.50% (provided that upon the occurrence of an Unsecured Refinancing Event, such percentage shall be increased to 2.00%) over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City local time) on the Business Day next preceding the Settlement Date with respect to such Called Principal for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date on the Treasury Yield Monitor page of Standard & Poor's MMS – Treasury Market Insight (or, if Standard & Poor's shall cease to report such yields in MMS – Treasury Market Insight or shall cease to be Prudential Capital Group's customary source of information for calculating yield-maintenance amounts on privately placed notes, then such source as is then Prudential Capital Group's customary source of such information), or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, or (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15(519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. The Reinvestment Yield shall be rounded to that number of decimal places as appears in the coupon of the applicable Note. For purposes hereof, an **"Unsecured Refinancing Event"** shall occur if (x) at the request of the Company, the lenders party to the Credit Agreement agree to release the Collateral and refinance, restate or replace the Credit Agreement with an unsecured credit facility, (y) within fifteen (15) Business Days following receipt of a written request from the Company, the holders of the Notes hereunder do not agree to release such Collateral, and (z) as a result thereof, the Company prepays in full the outstanding principal amount of the Notes, together with accrued interest thereon and the applicable Make-Whole Amount, with the proceeds of such unsecured credit facility and another unsecured debt facility concurrently with closing of such unsecured credit facility, which in no event shall be later than forty-five (45) days after the date of the notice referenced in clause (y) above.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

8.7. Prepayments under the Collateral Agency and Intercreditor Agreement.

Any prepayments of the Notes in accordance with the Collateral Agency and Intercreditor Agreement under circumstances in which the Notes have not been declared due and payable under Section 11 hereof shall be treated as optional prepayments under this Section 8 for purposes of calculating any Make-Whole Amount due in connection with such prepayment.

9. **AFFIRMATIVE COVENANTS.**

The Company covenants that so long as any of the Notes are outstanding:

9.1. **Compliance with Law.**

The Company will and will cause each of its Subsidiaries to comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. **Insurance.**

The Company will and will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated and upon request of any holder of Notes, the Company will deliver an Officer's Certificate specifying the details of such insurance in effect at that time.

9.3. **Maintenance of Properties.**

The Company will and will cause each of its Restricted Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Company or any Restricted Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4. **Payment of Taxes and Claims.**

The Company will and will cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5. **Corporate Existence, etc.**

The Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Section 10.2(a), the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Restricted Subsidiaries (unless merged into the Company or a Restricted Subsidiary) and all rights and franchises of the Company and its Restricted Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6. **Environmental and Safety Laws.**

The Company will, and will cause each Subsidiary to, deliver promptly to each holder of Notes any notice of (a) any material enforcement, cleanup, removal or other material governmental, regulatory or other actions instituted, completed or, to the Company's or such Subsidiary's best knowledge, threatened pursuant to any Environmental Laws; (b) all material Environmental Liabilities and Costs against or in respect of any property, the Company or any Subsidiary; and (c) the Company's or any Subsidiary's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any property that such Company or Subsidiary has reason to believe could cause any property or any material part thereof to be subject to any material restrictions on its ownership, occupancy, transferability or use under any Environmental Laws.

9.7. **Information Required by Rule 144A.**

The Company will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this Section 9.7, the term "qualified institutional buyer" shall have the meaning specified in Rule 144A under the Securities Act, but shall not include any Person who is engaged in businesses of the type then being engaged in by the Company or any of its Subsidiaries.

9.8. **Execution of Subsidiary Guaranty and Collateral Documents.**

In the event that after the date of the Closing the Company forms or acquires a Domestic Subsidiary that is a Restricted Subsidiary, the Company will promptly notify the holders of the Notes of that fact and, promptly (and in no event later than its execution and delivery of a guaranty or co-obligor agreement under the Credit Agreement) cause each such Domestic Restricted Subsidiary to execute and deliver to the holders of the Notes a counterpart of the Subsidiary Guaranty and all such further documents and instruments as may be necessary or, in the opinion of the Required Holders or the Collateral Agent, desirable to create in favor of the Collateral Agent, for the benefit of the Intercreditor Lenders, a valid and perfected First Priority Lien on all of the personal and mixed property assets of such Subsidiary Guarantor described in the applicable forms of Collateral Documents. The Company shall deliver to the holders of the Notes, together with such counterpart of the Subsidiary Guaranty and other documents and instruments, (i) certified copies of such Subsidiary Guarantor's Organizational Documents, together with a good standing certificate from the Secretary of State of the jurisdiction of its organization, each to be dated a recent date prior to their delivery to the holders of the Notes, (ii) a certificate executed by the secretary or an assistant secretary of such Subsidiary Guarantor as to (a) the incumbency and signatures of the officers of such Subsidiary Guarantor executing the counterpart of the Subsidiary Guaranty and such other documents and instruments executed in connection therewith and (b) the fact that the attached resolutions of the Governing Body of such Subsidiary Guarantor authorizing the execution, delivery and performance of the counterpart of the Subsidiary Guaranty and such other documents and instruments are in full force and effect and have not been modified or rescinded and (iii) a favorable opinion of counsel to the Company and such Subsidiary Guarantor, in form and substance reasonably satisfactory to the Required Holders and their counsel, as to (a) the due formation, valid existence and good standing of such Subsidiary Guarantor, (b) the due authorization, execution and delivery by such Subsidiary Guarantor of the counterpart of the Subsidiary Guaranty and such other documents and instruments, (c) the enforceability of the counterpart of the Subsidiary Guaranty and such other documents and instruments and (d) any other matters set forth in Exhibit 2(a) and Exhibit 2(b), all of the foregoing to be satisfactory in form and substance to the Required Holders and their counsel.

9.9. **Credit Agreement Availability.**

The Company shall at all times maintain a committed bank line or lines with aggregate commitments of not less than $50,000,000 and having a termination date or dates of not less than nine (9) months from any date of determination.

9.10. **Annual Perfection Opinion.**

Within 90 days after the end of fiscal year 2003 and each fiscal year thereafter, the Company shall provide to the holders of the Notes and the Collateral Agent an opinion or opinions of counsel addressed to the holders of the Notes and the Collateral Agent (i) stating that all action has been taken with respect to the filing, recording, and refiling of the Collateral Documents and/or financing statements and continuation statements as is necessary to maintain the perfection of the Liens on and in the Collateral created by the Collateral Documents and reciting the details of such action or referring to prior opinions of counsel in which such details are given; provided, however, that no such opinion shall be required as to the perfection of any Liens by any means other than the filing, recording and refiling of the Collateral Documents and/or financing statements and continuation statements or with respect to any Lien on or in any patents, trademarks, copyrights or Mortgaged Property; and (ii) stating what, if any, action of the foregoing nature may reasonably be expected to become necessary during the next 15 months in order to maintain the perfection of the Liens in and to such Collateral.

9.11. **Pledged Collateral.**

Each Note Party will (i) cause all of its owned real and personal property other than Excluded Property to be subject at all times to a First Priority Lien and, in the case of owned real property, a title insured Lien, in favor of the Collateral Agent to secure the Obligations pursuant to the terms and conditions of the Collateral Documents or, with respect to any such property acquired subsequent to the date of the Closing, such other additional security documents as the Required Holders shall reasonably request, subject in any case to Permitted Liens and (ii) deliver such other documentation as the Required Holders may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 financing statements, real estate title insurance policies, landlord's waivers, certified resolutions and other organizational and authorizing documents of such Person, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and the perfection of the Collateral Agent's Liens thereunder) and other items of the types required to be delivered pursuant to Section 4.10 and 4.11, all in form, content and scope reasonably satisfactory to the Required Holders. Without limiting the generality of the above, the Note Parties will cause (A) 100% of the issued and outstanding Capital Stock of each direct Domestic Subsidiary of a Note Party and (B) 65% (or such greater percentage that, due to a change in an applicable law after the date hereof, (1) could not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent and (2) could not reasonably be expected to cause any material adverse tax consequences) of the issued and outstanding Capital Stock entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Capital Stock not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary directly owned by the Company or any Domestic Restricted Subsidiary to be subject at all times to a First Priority Lien in favor of the Collateral Agent (it being recognized that perfection actions need only be taken in foreign countries as set forth in Section 9.12 hereof) pursuant to the terms and conditions of the Collateral Documents or such other security documents as the Required Holders shall reasonably request.

9.12. **Further Assurances.**

Within 90 days following the date of the Closing (or such later date as the Required Holders may determine in their reasonable discretion), the Note Parties shall deliver to the Collateral Agent pledge agreements (or similar documents) effective under the laws of the respective jurisdictions of organization of the following Foreign Restricted Subsidiaries, together with a legal opinion of special foreign counsel for such jurisdiction: Ameron (Pte.) Ltd., Ameron B.V., Ameron (Australia) PTY Limited, Ameron Holdings (NZ) Limited and Ameron (UK) Limited. All such documents shall be in form and substance reasonably satisfactory to the Required Holders.

9.13. **Control Agreements.**

Upon the request of the Collateral Agent (at the direction of the Required Holders), with respect to any deposit account, the Company hereby agrees to (a) deliver to the Collateral Agent an agreement (including a control agreement), satisfactory in form and substance to the Required Holders and executed by the financial institution at which such deposit account is maintained, pursuant to which such financial institution confirms and acknowledges the Collateral Agent's security interest in, and control over, such deposit account and waives its rights to set-off with respect to amounts in such deposit account, and (b) take all other steps necessary or, in the opinion of the Required Holders or the Collateral Agent, desirable to ensure that the Collateral Agent has control over such deposit account.

10. **NEGATIVE COVENANTS.**

The Company covenants that so long as any of the Notes are outstanding:

10.1. **Related Party Transactions.**

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly engage in any transaction, including the purchase, sale, exchange or other transfer of property or other assets or the rendering of any services, or otherwise deal with, any Shareholder, officer, director or any other Affiliate of the Company (including Unrestricted Subsidiaries) other than with respect to (a) intercompany transactions expressly permitted by this Agreement, (b) normal compensation and reimbursement of expenses and indemnities of officers and directors, and (c) except as otherwise expressly limited in this Agreement, other transactions which are entered into in the ordinary course of business and upon terms that are materially no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that might be obtained in an arm's-length transaction with an unrelated third party.

10.2. **Merger and Sale of Assets.**

(a) The Company will not, and will not permit any Restricted Subsidiary to, merge with or into or consolidate with any other Person or sell, lease or transfer to any Person or otherwise dispose of assets, which together with all other assets sold, leased, transferred or otherwise disposed of (including deemed dispositions of assets as described in clause (b)(iii) of the definition of "Unrestricted Subsidiary" set forth in Schedule B) during (i) the immediately preceding 12 months, have an aggregate net book value exceeding 15% of Consolidated Tangible Assets (measured as at the fiscal quarter end immediately preceding such sale or disposition) or (ii) the period beginning on the date hereof and ending on the date of any such proposed sale or disposition, have an aggregate net book value exceeding 40% of Consolidated Tangible Assets (measured as at the fiscal quarter end immediately preceding such sale or disposition) and in each case, no Default or Event of Default would occur after giving effect thereto, except that:

(A) any Restricted Subsidiary may merge with the Company (provided that the Company shall be the continuing or surviving corporation) or with any one or more wholly owned Restricted Subsidiaries organized in the United States;

(B) any Restricted Subsidiary organized in the United States may sell, lease, transfer or otherwise dispose of any of its assets to the Company or to any wholly owned Restricted Subsidiary organized in the United States;

(C) any Restricted Subsidiary organized outside the United States may sell, lease, transfer or otherwise dispose of any of its assets on arm's-length terms to the Company or to any wholly owned Restricted Subsidiary;

(D) the Company may merge or consolidate with another Person so long as (1) the Company will be the surviving corporation and (2) immediately after such merger or consolidation and after giving effect thereto, no Event of Default or Default shall have occurred; and

(E) the Company and any Restricted Subsidiary may engage in normal sales or other dispositions of (1) inventory and (2) vehicles or equipment with little or no remaining useful life in each case on arm's-length terms and otherwise in the ordinary course of business.

(b) If the net amount of consideration received by the Company or any Restricted Subsidiary pursuant to any sale or other disposition of assets described in clauses (i) or (ii) of Section 10.2(a) is applied to the acquisition by the Company or such Restricted Subsidiary, within 365 days after such sale or disposition, of similar assets of the Company or such Restricted Subsidiary to be used in the ordinary course of business of the Company or such Restricted Subsidiary, then such sale or disposition shall not be deemed to be a sale or disposition of assets for the purpose of determining compliance with clauses (i) or (ii) of Section 10.2(a). Within 30 days of such acquisition of similar assets (or, if earlier, at the time an officer's compliance certificate is delivered pursuant to Sections 7.1(a) or (b)), the Company shall deliver to each holder of Notes an Officer's Certificate certifying in reasonable detail as to such acquisition of similar assets.

(c) For purposes of determining compliance by the Company with the provisions of Section 10.2(a), sales or other dispositions of assets described in clauses (B), (C) and (E) of Section 10.2(a) are not included in making the calculations required for clauses (i) and (ii) of Section 10.2(a).

10.3. **Liens.**

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, assume or permit to exist at any time any Lien of any kind (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to Section 17) on or with respect to any of its property or assets, whether now owned or hereafter acquired, except

(a) Liens for taxes not yet delinquent or which are being actively contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being actively contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations; provided, that in each case such Liens are not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property, and such Liens do not in the aggregate materially detract from the value of the Company's or any Restricted Subsidiary's property or assets or materially impair the use thereof in the operation of its business;

(d) Liens on property or assets of a Restricted Subsidiary to secure obligations of such Restricted Subsidiary to the Company or a wholly-owned Restricted Subsidiary;

(e) Liens existing on the date hereof as specified by the Company on Schedule 10.3 attached hereto; provided, however, that all Debt secured by such Liens permitted by this Section 10.3(e) shall be permitted under Section 10.4 (e);

(f) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price, of property acquired by the Company or a Restricted Subsidiary after the date hereof; provided, however, that (i) any such Lien shall be confined solely to the item or items of property so acquired and, if expressly required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property or which is real property being improved by such acquired property, (ii) the principal amount of the Debt secured by any such Lien shall (exclusive of capitalized interest that is treated as Debt for purposes of Sections 10.4(e)) at no time exceed an amount equal to 100% of the cost to the Company or such Restricted Subsidiary of the property so acquired, (iii) any such Lien shall be created within 12 months after, in the case of property, its acquisition, or, in the case of improvements, their completion and (iv) all Debt secured by Liens created or existing pursuant to this Section 10.3(f) shall be permitted under Section 10.4(e);

(g) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Restricted Subsidiary or its becoming a Restricted Subsidiary, or any Lien existing on any property acquired by the Company or any Restricted Subsidiary at the time of such acquisition (whether or not the Debt secured thereby shall have been assumed), provided, however, that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Restricted Subsidiary or such acquisition of property, (ii) each such Lien shall at all times be confined solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property and (iii) all Debt secured by Liens created or existing pursuant to this Section 10.3(g) shall be permitted under Section 10.4(e);

(h) any other Liens securing Debt; provided that all Debt secured by Liens created or existing pursuant to this Section 10.3(h) shall be permitted under Section 10.4(e);

(i) Liens granted pursuant to the Collateral Documents;

(j) minor survey exceptions and the like which do not Materially detract from the value of the Company's and its Subsidiaries' properties taken as a whole;

(k) leases, subleases, easements, rights-of-way, restrictions and other similar charges or encumbrances incidental to the ownership of property or assets or the ordinary conduct of the Company's and each of its Subsidiaries' businesses, provided that the aggregate of such Liens do not Materially detract from the value of the Company's and such Subsidiaries' properties taken as a whole;

(l) judgment Liens securing judgments for the payment of money not constituting an Event of Default under Section 11(j);

(m) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;

(n) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(o) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection; and

(p) Lien renewing, extending or refunding any Lien permitted by clauses (d), (e), (f), (g), (h), (i) or (j) of this Section 10.3; provided, however, that (i) the principal amount of Debt secured by such Lien immediately prior thereto is not increased, the maturity thereof is not shortened and such Lien is not extended to any other assets or property and (ii) all Debt secured by Liens created or existing pursuant to this Section 10.3(p) shall be permitted under Section 10.4(e).

If, notwithstanding the prohibition contained herein, the Company shall create, incur, or suffer to be incurred or to exist any Lien upon any of its property or assets, or the property or assets of any of its Restricted Subsidiaries, whether now owned or hereafter acquired, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or permit any Restricted Subsidiary to acquire, any property or assets upon conditional sales agreements or other title retention devices, other than as permitted by the provisions of clauses (a) through (p) of this Section 10.3, then the Company shall make or cause to be made effective provision whereby the Notes will be secured equally and ratably with any and all other obligations thereby secured, such security to be pursuant to agreements reasonably satisfactory to the Required Holders and, in any such case, the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of the Notes may be entitled under applicable law, of an equitable Lien on such property, and the holders of the Notes shall receive an opinion of nationally recognized independent counsel selected by the Company reasonably satisfactory to the Required Holders that the holders of the Notes are so secured. Such violation of this Section 10.3 will constitute an Event of Default, whether or not provision is made for an equal and ratable Lien pursuant to this Section 10.3.

10.4. **Financial Covenants.**

(a) Consolidated Tangible Net Worth Requirement. The Company will not permit Consolidated Tangible Net Worth at any time to be less than the sum of (i) $181,400,000, plus (ii) 50% of Consolidated Net Income (but only if a positive number) for each fiscal quarter ending after the date of Closing, plus (iii) 75% of the net cash proceeds of any Equity Issuance by the Company or a Restricted Subsidiary (other than issuances by a Restricted Subsidiary to the Company or a wholly-owned Restricted Subsidiary) after the date of Closing.

(b) Maximum Consolidated Leverage Ratio. The Company will not at any time permit the Consolidated Leverage Ratio to exceed 3.00 to 1.00.

(c) Minimum Fixed Charge Coverage Ratio. The Company will not permit the ratio of (i) Consolidated EBITDAR to (ii) Consolidated Fixed Charges for any four consecutive fiscal quarter period to be less than 3.50 to 1.00.

(d) Minimum Margined Tangible Assets Coverage Ratio. The Company will not permit the Margined Tangible Assets Coverage Ratio at any time to be less than 1.00 to 1.00.

(e) Limitation on Certain Debt. The Company will not, at any time, permit the sum (without duplication) of (i) Debt of Restricted Subsidiaries (including, without limitation, Debt resulting from any Guaranty by a Restricted Subsidiary of the obligations of the Company) plus (ii) Debt secured by Liens of the type described in Sections 10.3(e), (f), (g), (h) and (p), to exceed 20% of Consolidated Tangible Net Worth at such time; provided that this limitation shall exclude any Debt constituting Intercreditor Indebtedness.

10.5. **Limitation on Certain Investments.**

The Company will not, and will not permit any Restricted Subsidiary to, at any time, make or permit to remain outstanding any loan or advance to, or own, purchase or acquire stock, obligations or securities of, or any other interest in, or make or commit to make any capital contribution to, any Person, except that the Company and its Restricted Subsidiaries may:

(a) permit to remain outstanding investments existing on the date hereof as specified by the Company on Schedule 10.5 attached hereto;

(b) make loans, investments and advances in and to the Company and Restricted Subsidiaries, and any investment in a corporation or the purchase of Capital Stock of a corporation which, after giving effect to such investment, will become a Restricted Subsidiary;

(c) make investments in any money market fund the aggregate asset value of which is at least $500,000,000, which is managed by a fund manager of recognized national standing, and the investment in which, in accordance with GAAP, is classified as a current asset on the balance sheet of the Company or a Restricted Subsidiary, as the case may be;

(d) own, purchase or acquire direct obligations of the United States or any of its agencies or obligations fully guaranteed by the United States, provided that such obligations mature within one year from the date acquired;

(e) own, purchase or acquire certificates of deposit which mature within one year from the date of purchase and are issued by any commercial bank or trust company (i) organized under the laws of the United States or any of its states, (ii) having consolidated capital, surplus and undivided profits aggregating at least $500,000,000 and (iii) whose senior debt securities are rated “A” or better by S&P or an equivalent rating from another nationally recognized credit rating agency;

(f) own, purchase or acquire commercial paper given an "A-1" rating or better by S&P or an equivalent rating by another nationally recognized credit rating agency and maturing not more than 360 days from the date acquired;

(g) make or permit to remain outstanding any other loans, advances or investments, including additional investments in Affiliated Companies or similar joint ventures or Unrestricted Subsidiaries, so long as the aggregate original cost of or expenditures for all such additional loans, advances or investments does not exceed at any time 15% of Consolidated Tangible Net Worth (net of any cash return on such loans, advances or investments); provided, however, that increases or decreases in the Company's or a Restricted Subsidiary's equity in an Affiliated Company resulting from such company's earnings or losses shall not be included in computing compliance with this clause (g);

(h) make investments consisting of advances or loans to directors, officers, employees, agents, customers or suppliers in an aggregate principal amount (including any investments of such type set forth on Schedule 10.5) not to exceed $1,000,000 at any time outstanding, provided that such loans shall be in compliance with the Sarbanes-Oxley Act of 2002;

(i) make investments consisting of extensions of credit in nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(j) (i) make investments in any Person that is a Note Party prior to giving effect to such investment and (ii) make investments in connection with the formation of (but not the Acquisition of) a new Subsidiary Guarantor, so long as the Note Parties have complied with Section 9.8. and 9.11;

(k) make investments in life insurance policies maintained for the benefit of members of the executive management of the Company; and

(l) make investments of a nature not otherwise contemplated in this Section 10.5 in an amount not to exceed 10% of Consolidated Tangible Net Worth in the aggregate at any time outstanding.

10.6. **Sale and Lease-back.**

The Company will not, and will not permit any Restricted Subsidiary to, enter into any arrangement providing for the leasing by the Company or any Restricted Subsidiary of real or personal property which has been or is to be sold or transferred by the Company or any Restricted Subsidiary to a lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Company or any Restricted Subsidiary; provided, however that the Company or any Restricted Subsidiary may enter into such sale/lease-back transactions (other than in respect of assets sold to the lessor by an Unrestricted Subsidiary) only if (a) the assets to be so sold may be sold in compliance with Section 10.2 (provided, however, that compliance with Section 10.2 shall not be required with regard to assets (other than any assets acquired upon the application of any consideration received by the Company or any Restricted Subsidiary pursuant to a disposition of assets as described in Section 10.2(b)) if the sale-leaseback transaction occurs within 24 months of the date the property that is the subject of such sale/lease-back transaction is acquired, or in the case of improvements thereto, of the date completed, whichever event occurs later); and (b) the rental obligations payable pursuant to such leaseback are permitted under Section 10.15 (whether or not such lease is characterized as a "true lease" in accordance with GAAP).

10.7. **Sale or Discount of Receivables.**

The Company will not permit any Foreign Restricted Subsidiary to sell with recourse, or discount or otherwise sell any of its notes receivable or accounts receivable for less than the face value thereof (other than sales of accounts or notes receivable where the discount applied does not exceed the net present value of the receivables sold for the period of time equal to the estimated collection period and using a discount factor no greater than prevailing market rates).

10.8. **[Intentionally Omitted].**

10.9. **Limitation on Restricted Payments.**

The Company will not, and will not permit any Restricted Subsidiary to, make any Restricted Payment if any Default or Event of Default then exists or would result after giving effect to such Restricted Payment.

10.10. **Burdensome Agreements.**

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Contractual Obligation that encumbers or restricts on the ability of any such Person to (i) (a) make any dividend payments or other distributions of cash, assets, properties, obligations or securities on account of any shares of any class of such Restricted Subsidiary's Capital Stock (other than restrictions on payments or distributions in connection with minority interests), or (b) make any repurchases, redemptions, retirement or other acquisitions of such Restricted Subsidiary's Capital Stock or the establishment of any sinking fund or other fund for any such purpose, to repay loans or advances, or to otherwise transfer property or other assets, to the Company or any Restricted Subsidiary that is a parent of such Restricted Subsidiary, (ii) pay any Debt or other obligation owed to any Note Party, (iii) make loans or advances to any Note Party, (iv) sell, lease or transfer any of its property to any Note Party or (v) except in respect of any Restricted Subsidiary which is not a Note Party, (A) pledge its property (other than Excluded Property) pursuant to the Note Documents or any renewals, refinancings, exchanges, refundings or extension thereof or (B) act as a Note Party pursuant to the Note Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (i)-(v)(A) above) for (1) this Agreement and the other Note Documents, (2) the Credit Agreement and the 1996 Note Agreement in effect as of the date of Closing, (3) any document or instrument governing Debt incurred pursuant to Section 10.4(e), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (4) any Permitted Lien or any document or instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (5) customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 10.2, pending the consummation of such sale, (6) customary restrictions on transferability set forth in real property leaseholder, (7) customary provisions restricting assignment of any Contractual Obligations entered into by the Company or any Restricted Subsidiary in the ordinary course of business.

10.11. **Change in Nature of Business**.

The Company will not, and will not permit any Restricted Subsidiary to, engage in any material line of business substantially different from those lines of business conducted by the Company or such Restricted Subsidiary on the date hereof or any business substantially related or incidental thereto.

10.12. **Fiscal Year.**

The Company will not, and will not permit any Restricted Subsidiary to, change its fiscal year.

10.13. **Ownership of Subsidiaries.**

Notwithstanding any other provisions of this Agreement to the contrary, the Company will not, and will not permit any Restricted Subsidiary to, (i) permit any Person (other than the Company or any Wholly Owned Restricted Subsidiary of the Company) to own any Capital Stock of any Restricted Subsidiary of the Company, except (A) to qualify directors where required by applicable law or to satisfy other requirements of applicable law with respect to the ownership of Capital Stock of Foreign Restricted Subsidiaries or (B) as a result of or in connection with a dissolution, merger, consolidation or disposition of a Restricted Subsidiary not prohibited by Section 10.2, (ii) permit any Restricted Subsidiary of the Company to issue or have outstanding any shares of preferred Capital Stock or (iii) permit, create, incur, assume or suffer to exist any Lien on any Capital Stock of any Restricted Subsidiary of the Company, except for Permitted Liens.

10.14. **Amendments or Modifications to Other Debt.**

The Company will not, and will not permit any Restricted Subsidiary to, amend or modify any of the terms of any Debt of the Company or such Restricted Subsidiary if such amendment or modification would add or change terms in a manner, when taken together with all other amendments or modifications made in connection therewith, materially adverse to the Company, such Restricted Subsidiary or the holders of the Notes.

10.15. **Restricted Leases.**

The Company will not, and will not permit any Restricted Subsidiary to, incur or permit to exist at any time any obligation, direct or indirect, for rental payments under a Restricted Lease if, after giving effect thereto, the aggregate amount of all minimum noncancellable rental payments under Restricted Leases to which the Company and its Restricted Subsidiaries are parties or otherwise obligated exceeds for any fiscal year 10% of Consolidated Tangible Net Worth as at the end of the immediately preceding fiscal quarter.

11. **EVENTS OF DEFAULT.**

An **"Event of Default"** shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of (i) any interest on any Note for more than five Business Days after the same becomes due and payable, or (ii) the Collateral Agent fee set forth in Section 4.03 of the Collateral Agency and Intercreditor Agreement, to the Collateral Agent; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 10; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any Note Party defaults in the performance of or compliance with any term contained in any Note Document other than this Agreement (other than those referred to in paragraph (b) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (e) of Section 11); or

(f) (i) any representation or warranty made in writing by or on behalf of the Company or any Note Party or by any officer of the Company or any Note Party in this Agreement, any other Note Document or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made, (ii) the Subsidiary Guaranty for any reason, other than in satisfaction in full of all Intercreditor Indebtedness evidenced by this Agreement, the Notes, the 1996 Note Purchase Agreement and the Existing Notes, shall cease to be in full force and effect with respect to any Subsidiary Guarantor (other than in accordance with its terms) or shall be declared null and void with respect to any Subsidiary Guarantor, (iii) any Collateral Document shall for any reason cease to be in full force and effect (other than by reason of a release of Collateral thereunder in accordance with the terms hereof or thereof, the satisfaction in full of all Intercreditor Indebtedness, or any other termination of such Collateral Document in accordance with the terms hereof or thereof) or shall be declared null and void, or the Collateral Agent shall not have or shall cease to have a valid and perfected First Priority Lien in any Collateral purported to be covered thereby (subject to the express limitations set forth in the Security Agreement), or (iv) any Note Party shall contest the validity or enforceability of any Note Document in writing or deny in writing that it has any further liability under any Note Document to which it is a party; or

(g) (i) the Company or any Restricted Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt beyond any period of grace provided with respect thereto, or (ii) the Company or any Restricted Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time, the sale of assets on which the holder of applicable Debt has a Lien, the sale of Capital Stock, or the right of the holder of Debt to convert such Debt into equity interests), (x) the Company or any Restricted Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment, or (y) one or more Persons have the right to require the Company or any Restricted Subsidiary so to purchase or repay such Debt; provided that, except in the case of Debt under the Credit Agreement, the aggregate outstanding principal amount of all Debt referred to in clauses (i) through (iii), inclusive, is at least $5,000,000; or

(h) the Company or any Restricted Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(i) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Restricted Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Restricted Subsidiaries, or any such petition shall be filed against the Company or any of its Restricted Subsidiaries and such petition shall not be dismissed within 60 days; or

(j) (i) a final judgment or judgments for the payment of money aggregating in excess of $5,000,000 (to the extent not covered by an independent third-party insurance carrier with a rating of "A-" or better by S&P or an equivalent rating from another nationally recognized credit rating agency and as to which such insurer has acknowledged coverage with respect to such judgment or judgments) are rendered against one or more of the Company and its Restricted Subsidiaries and which judgments are not, within 30 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 30 days after the expiration of such stay, or (ii) a final judgment or judgments for the payment of money aggregating in excess of $5,000,000 (whether or not covered by insurance) are rendered against one or more of the Company and its Restricted Subsidiaries and enforcement proceedings are commenced by any creditor upon such judgment or judgments; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(l) a Change in Control shall occur.

As used in Section 11(k), the terms **"employee benefit plan"** and **"employee welfare benefit plan"** shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. **REMEDIES ON DEFAULT, ETC.**

12.1. **Acceleration.**

(a) If an Event of Default with respect to the Company described in paragraph (h) or (i) of Section 11 (other than an Event of Default described in clause (i) of paragraph (h) or described in clause (vi) of paragraph (h) by virtue of the fact that such clause encompasses clause (i) of paragraph (h)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. **Other Remedies.**

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in any Note or in any other Note Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise, subject to Section 2.06 of the Collateral Agency and Intercreditor Agreement. Any breach by any holder of any Note of Section 2.06 of the Collateral Agency and Intercreditor Agreement shall not in any way limit such holder's rights hereunder or result in a claim by the Company against such holder.

12.3. **Rescission.**

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered and no foreclosure remedy with respect to the Collateral has been consummated for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. **No Waivers or Election of Remedies, Expenses, etc.**

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, by any Note or any other Note Document upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. **REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.**

13.1. **Registration of Notes.**

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. **Transfer and Exchange of Notes; Transferee to Become Party to Collateral Agency and Intercreditor Agreement.**

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $500,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2. Each transferee of Note shall, as a condition to transfer, simultaneously become a party to the Collateral Agency and Intercreditor Agreement.

13.3. **Replacement of Notes.**

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

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $100,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

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

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. **PAYMENTS ON NOTES.**

14.1. **Place of Payment.**

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in the State of New York at the principal office of The Bank of New York in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. **Home Office Payment.**

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. **EXPENSES, ETC.**

15.1. **Transaction Expenses.**

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Notes or any other Note Document (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Notes or any other Note Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Notes or any other Note Document, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby, by the Notes and by any other Note Document. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2. **Survival.**

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, the Notes or any other Note Document, and the termination of this Agreement and the other Note Documents.

16. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.**

All representations and warranties contained herein and in the other Note Documents shall survive the execution and delivery of this Agreement, the Notes or the other Note Documents, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement or any other Note Document shall be deemed representations and warranties of the Company under this Agreement or any other Note Document. Subject to the preceding sentence, this Agreement, the Notes and the other Note Documents embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. **AMENDMENT AND WAIVER.**

17.1. **Requirements.**

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. **Solicitation of Holders of Notes.**

The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

17.3. **Binding Effect, etc.**

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term **"this Agreement"** and **"the Note Documents"** and references thereto shall mean this Agreement and the Note Documents, respectively, as they may from time to time be amended or supplemented.

17.4. **Notes held by Company, etc.**

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Subsidiaries and Affiliates shall be deemed not to be outstanding.

18. **NOTICES.**

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. **REPRODUCTION OF DOCUMENTS.**

This Agreement, the other Note Documents and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. **CONFIDENTIAL INFORMATION.**

For the purposes of this Section 20, **"Confidential Information"** means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20. You acknowledge and agree that you are aware (and that your directors, officers, employees, agents, attorneys, affiliates and advisors who are apprised of this matter have been or will be advised) that the United States securities laws may prohibit any person who has material non-public information about a company from purchasing or selling securities of that company and from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such other person is likely to purchase or sell such securities.

21. **SUBSTITUTION OF PURCHASER.**

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. **MISCELLANEOUS.**

22.1. **Successors and Assigns.**

All covenants and other agreements contained in this Agreement and the other Note Documents by or on behalf of any of the parties hereto or thereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

22.2. **Payments Due on Non-Business Days.**

Anything in this Agreement, the Collateral Documents or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

22.3. **Severability.**

Any provision of this Agreement or the other Note Documents that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.4. **Construction.**

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

22.5. **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.6. **Governing Law.**

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

22.7. **Collateral Release Date.**

Each holder of a Note hereby agrees to instruct the Collateral Agent to release any Lien on any Collateral (i) upon the payment and satisfaction in full by the Company of all the Notes and any other obligations under this Agreement, (ii) constituting property being sold or disposed of if a release is required in connection therewith and the Required Holders have confirmed in writing that such sale or disposition is permitted hereby, (iii) constituting property in which neither the Company nor any Subsidiary Guarantor owned an interest at the time the security interest was granted or at any time thereafter, or (iv) constituting property leased to the Company or any Subsidiary Guarantor under a lease that has expired or is terminated in a transaction permitted under this Agreement.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

AMERON INTERNATIONAL CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Senior Vice President & CFO

By: */s/ Javier Solis*
Name: Javier Solis
Title: Senior Vice President & Secretary

The foregoing is hereby
agreed to as of the
date thereof.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Joseph Y. Alouf*
Name: Joseph Y. Alouf
Title: Vice President

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

Name and Address of Purchaser	**Principal Amount of Notes to be Purchased at Closing**
	$50,000,000

1. All payments by wire transfer of immediately available funds to:

Bank of New York
ABA 021 000 018
Acct # 890-0304-391
Ref: Ameron International Corporation
PPN _____/P&I Breakdown

with sufficient information to identify the source and application of such funds.

2. All notices of payments and written confirmations of such wire transfers:

The Prudential Insurance Company of America
c/o Prudential Capital Group
Gateway Center Three
100 Mulberry Street
Newark, New Jersey 07102
Attention: Manager, Investment Operations Group
Telephone No.: (973) 802-5260
Telecopy No.: (973) 802-8055

3. All other communications:

The Prudential Insurance Company of America
c/o Prudential Capital Group - Corporate Finance
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Managing Director
Telecopy No.: (415) 421-6233

4. Tax ID Number: 22-1211670

SCHEDULE B

DEFINED TERMS

Unless otherwise specified herein or in the Note Purchase Agreement to which this Schedule B is attached, all accounting terms used herein and in the Note Purchase Agreement shall be interpreted, and all accounting determinations hereunder shall be made, in accordance with GAAP. As used in the Note Purchase Agreement, the following terms have the respective meanings set forth below or set forth in the Section of the Note Purchase Agreement following such term:

"1996 Note Purchase Agreement" means those certain Note Purchase Agreements dated August 28, 1996 among the Company and the holders of the notes party thereto, as the same may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"Account" means, with respect to any Person, all present and future rights of such Person to payment for goods sold or leased or for services rendered (except those evidenced by instruments or chattel paper), whether now existing or hereafter arising and wherever arising, and whether or not they have been earned by performance.

"Affiliate" means, at any time, and with respect to any Person, (a) any other Person (other than a Restricted Subsidiary) that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Affiliated Companies" shall mean those Persons listed as "Affiliated Companies" on Schedule 5.4 to the Note Purchase Agreement.

"Agreement" means this Note Purchase Agreement by and among the Company and the Purchasers listed on the signatures pages hereof.

"Appraised Real Estate Amount" means, as of any date of determination, the appraised value of owned real property of the Company and its Domestic Restricted Subsidiaries which is subject to a valid First Priority Lien in favor of the Collateral Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"Bank Lenders" means the lenders from time to time under the Credit Agreement.

"Business Day" means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in Los Angeles, California or New York, New York are required or authorized to be closed.

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

"Capitalized Lease Obligations" shall mean any rental obligation which, under GAAP, is or will be required to be capitalized on the books of the Company or any Restricted Subsidiary, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"Capital Stock" means (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Change of Control" means the occurrence of any of the following events: (i) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) shall have acquired beneficial ownership, directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, or control over, 30% or more of the outstanding Voting Stock of the Company, or (ii) the occurrence of a "Change of Control" (or any comparable term) under, and as defined in, the Credit Agreement or the 1996 Note Agreement or in any indenture or agreement in respect of Material Indebtedness to which the Company or any Restricted Subsidiary is a party. As used herein, **"beneficial ownership"** shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act. As used herein, **"Material Indebtedness"** shall mean Debt (other than Intercreditor Indebtedness) of any one or more of the Company and the Restricted Subsidiaries in an aggregate principal amount exceeding $10,000,000.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral" means, collectively, all of the real, personal and mixed property (including capital stock) (other than Excluded Property) in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Intercreditor Indebtedness.

"Collateral Agency and Intercreditor Agreement" means the Collateral Agency and Intercreditor Agreement dated as of even date herewith among the Collateral Agent, you, each Other Purchaser and the senior lenders listed on the signature pages thereto, substantially in the form of Exhibit 3 to this Agreement, as the same may be amended, supplemented and modified from time to time.

"Collateral Agent" means Bank of America, N.A., acting in its capacity as collateral agent under the Collateral Agency and Intercreditor Agreement, together with its successors and assigns.

"Collateral Documents" means the Security Agreement, the Mortgages and all other instruments or documents delivered by any Note Party pursuant to this Agreement or any of the other Note Documents in order to grant to the Collateral Agent, on behalf of holders, a Lien on any real, personal or mixed property of that Note Party as security for the Intercreditor Indebtedness.

"Company" means Ameron International Corporation, a Delaware corporation.

"Confidential Information" is defined in Section 20.

"Consolidated Debt" means, without duplication, (a) any obligation of the Company or any Restricted Subsidiary for borrowed money (including the Intercreditor Indebtedness and other obligations evidenced by notes, bonds, debentures or similar written instruments), (b) any liabilities for deferred purchase price of property acquired by the Company or any Restricted Subsidiary (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property), (c) the Attributable Indebtedness of the Company or any Restricted Subsidiary with respect to Capital Leases and Synthetic Lease Obligations, (d) the principal portion of all obligations of the Company or any Restricted Subsidiary as an account party in respect of financial letters of credit and bankers' acceptances, including, without duplication, all unreimbursed drafts drawn thereunder, (e) the aggregate amount of uncollected accounts receivable of the Company or any Restricted Subsidiary subject at such time to a sale of receivables (or similar transaction) to the extent such transaction is effected with recourse to the Company or such Restricted Subsidiary (whether or not such transaction would be reflected on the balance sheet of the Company or such Restricted Subsidiary in accordance with GAAP), (f) Off-Balance Sheet Debt, (g) obligations secured by a Lien on, or payable out of the proceeds of production from, property of the Company or any Restricted Subsidiary whether or not such obligation shall be assumed by the Company or such Restricted Subsidiary, (h) any Guaranty of the Company or any Restricted Subsidiary with respect to liabilities of a type described in clauses (a), (b), (c), (d), (e), (f) and (g) above, and (i) all renewals and extensions of any of the foregoing, all on a consolidated basis in accordance with GAAP.

"Consolidated EBITDA" means, for any period, for the Company and its Restricted Subsidiaries on a consolidated basis, determined in accordance with GAAP, an amount equal to the sum of, without duplication, (a) Consolidated Net Income plus (b) Consolidated Interest Charges and all amounts treated as expenses for depreciation and the amortization of intangibles of any kind to the extent included in the determination of Consolidated Net Income plus (c) all tax expense on or measured by income or capital to the extent included in the determination of Consolidated Net Income plus (d) amounts received as dividends or other distributions in respect of equity from Affiliates and Unconsolidated Subsidiaries to the extent not included in the determination of Consolidated Net Income minus (e) equity earnings from Affiliates and Unrestricted Subsidiaries to the extent included in the determination of Consolidated Net Income minus (f) gains on the sale or other disposition of assets to the extent included in the determination of Consolidated Net Income plus (g) losses on the sale or other disposition of assets to the extent included in the determination of Consolidated Net Income.

"Consolidated EBITDAR" means, for any period, Consolidated EBITDA plus, to the extent deducted in the calculation of Consolidated Net Income, operating lease and rental payments for such period as determined on a consolidated basis for the Company and its Restricted Subsidiaries in accordance with GAAP.

"Consolidated Fixed Charges" means, for any period, the sum (without duplication) of (a) interest expense and (b) operating lease and rental payments, as determined on a consolidated basis for the Company and its Restricted Subsidiaries in accordance with GAAP.

"Consolidated Interest Charges" means for any period for the Company and its Restricted Subsidiaries on a consolidated basis, interest expense (including the amortization of debt discount and premium, the interest component under Capital Leases and the implied interest component of Synthetic Lease Obligations), as determined in accordance with GAAP.

"Consolidated Leverage Ratio" means, as at any date, the ratio of (a) Consolidated Debt as at such date to (b) Consolidated EBITDA for the four consecutive fiscal quarter period then most recently ended.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Company and its Restricted Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, and giving effect in any event to extraordinary items.

"Consolidated Tangible Assets" shall mean the net book value of all assets of the Company and its Restricted Subsidiaries on a consolidated basis, net of (a) the net book value of all Intangibles; (b) all reserves relating to such assets; and (c) any write-up in the carrying values of such assets, all determined in accordance with GAAP.

"Consolidated Tangible Net Worth" shall mean all items that in accordance with GAAP would be included in the stockholders' or shareholders' equity portion of the consolidated balance sheet of the Company and its Restricted Subsidiaries, including Capital Stock of any class (net of treasury stock), capital surplus and retained earnings, less (a) the net book value of all Intangibles and (b) minority interests. For the purpose of calculating Consolidated Tangible Net Worth, such calculation shall exclude (i.e., there will be added back to Consolidated Tangible Net Worth) any year-end non-cash adjustment (on an after-tax basis) to shareholders' equity to reflect any Additional Minimum Liability; provided, however, the aggregate incremental amount of all such charges added back to Consolidated Tangible Net Worth after the 2001 fiscal year (i.e. excluding any such charges for fiscal year 2001 and prior years) shall not exceed $45,000,000 on an after-tax basis. For purposes hereof, **"Additional Minimum Liability"** means, with respect to any Plan, the sum of the absolute values of (x) the unfunded accumulated benefit obligation existing as of the end of the most recently ended fiscal year, plus (y) the Company's prepaid pension asset position existing as of the end of the most recently ended fiscal year.

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

"Credit Agreement" means that certain Credit Agreement dated as of January 24, 2003 among the Company, Bank of America, N.A., as Administrative Agent, and the lenders thereunder, as amended, supplemented or otherwise modified from time to time (including any amended and restated credit agreement), together with any other credit agreement or loan agreement which replaces such credit agreement.

"Debt", as to any Person, has the same meaning as Consolidated Debt (treating such Person as the Company).

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

"Default Rate" means that rate of interest that is the greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2% over the rate of interest publicly announced by The Bank of New York as its "base" or "prime" rate.

"Domestic Restricted Subsidiary" means any Restricted Subsidiary that is a Domestic Subsidiary.

"Domestic Subsidiary" means a Subsidiary of the Company which is created, organized or domesticated in the United States or under the law of the United States or any state or territory thereof.

"Eligible Accounts Receivable" means Accounts of the Company and its Domestic Restricted Subsidiaries which are Note Parties; provided that an Account shall not be an Eligible Account Receivable if (a) the account debtor for such Account is located outside the continental United States, (b) such Account is not subject to a valid and perfected First Priority Lien in favor of the Collateral Agent, or (c) the account debtor for such account is an Unrestricted Subsidiary.

"Eligible Inventory" means the aggregate amount of Inventory of the Company and its Domestic Restricted Subsidiaries which are Note Parties. In determining the amount to be so included, Inventory shall be valued at the lower of cost or market on a basis consistent with GAAP and the Company's current and historical accounting practice. An item of Inventory shall not be included in Eligible Inventory if (a) it is not located in the United States or (b) it is not subject to a valid and perfected First Priority Lien in favor of the Collateral Agent.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liabilities and Costs" means, as to any Person, all liabilities, obligations, responsibilities, remedial actions, losses, damages, punitive damages, consequential damages, treble damages, contribution, cost recovery, costs and expenses (including all fees, disbursements and expenses of counsel, expert and consulting fees, and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, permit, order or agreement with any federal, state or local governmental authority or other Person, arising from environmental, health or safety conditions, or the release or threatened release of any contaminant, pollutant or Hazardous Materials into the environment, resulting from the operations of such person or its subsidiaries, or breach of any Environmental Laws or for which such Person or its subsidiaries is otherwise liable or responsible.

"Equipment" means the aggregate net book value of all domestic equipment of the Company and its Domestic Restricted Subsidiaries which is subject to a valid and perfected First Priority Lien in favor of the Collateral Agent.

"Equity Issuance" means any issuance by the Company or any Restricted Subsidiary to any Person of (a) shares of its Capital Stock, (b) any shares of its Capital Stock pursuant to the exercise of options or warrants, (c) shares of its Capital Stock pursuant to the conversion of any debt securities to equity or the conversion of any class equity securities to any other class of equity securities or (d) any options or warrants relating to its Capital Stock.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in Section 11.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Property" means, with respect to any Note Party, including any Person that becomes a Note Party after the date of the Closing as contemplated by Section 9.8 hereof, (a) any owned real property that is not a Mortgaged Property, (b) any leased real property, (c) any leased personal property, (d) any personal property (including, without limitation, motor vehicles) in respect of which perfection of a Lien is not either (i) governed by the Uniform Commercial Code or (ii) effected by appropriate evidence of the Lien being filed in either the United States Copyright Office or the United States Patent and Trademark Office, (e) any property which, subject to the terms of Section 10.10, is subject to a Lien of the type described in 10.3(f) pursuant to documents which prohibit such Note Party from granting any other Liens in such property and (f) rights in any agreement (i) the grant of a security interest in which would violate the agreement under which such right arises except to the extent provided under Sections 9-406, 9-407 and 9-408 of the Uniform Commercial Code, or (ii) to the extent that the pledge or assignment of such agreement requires the consent of any third party unless such third party has consented thereto except to the extent provided under Sections 9-406, 9-407 and 9-408 of the Uniform Commercial Code.

"Existing Notes" means those certain 7.92% Senior Notes due September 1, 2006 in the aggregate original principal amount of $50,000,000 issued by the Company pursuant to the 1996 Note Purchase Agreement.

"First Priority" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that (i) such Lien is perfected and has priority over any other Lien on such Collateral (other than Liens permitted under this Agreement) and (ii) such Lien is the only Lien (other than Liens permitted under this Agreement) to which such Collateral is subject.

"Fixed Charge Coverage Ratio" means, as of any date of determination, for the Company and its Restricted Subsidiaries on a consolidated basis, the ratio of (a) Consolidated EBITDAR for the four fiscal quarters ending or immediately preceding such date to (b) Consolidated Fixed Charges for such four fiscal quarters.

"Foreign Restricted Subsidiary" means any Foreign Subsidiary that is a Restricted Subsidiary.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governing Body" means the board of directors or other body having the power to direct or cause the direction of the management and policies of a Person that is a corporation, partnership, trust or limited liability company.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polycholorinated biphenyls).

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"including" means, unless the context clearly requires otherwise, "including, without limitation."

"Institutional Investor" means (a) any original purchaser of a Note or any Affiliate thereof, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"Intangibles" means any Intellectual Properties (including any amounts, however designated, representing the cost of acquisition of business and investments in excess of the book value thereof), unamortized debt discount and expense, deferred research and development costs, any write-up of asset value after November 30, 2001 and any other assets treated as intangible assets under GAAP.

"Intellectual Properties" means any material patents, patent applications, copyrights, copyright applications, trade secrets, trade names and trademarks, technologies, methods, processes or other proprietary properties or information.

"Intercreditor Indebtedness" means Debt owing by the Company or any of its Restricted Subsidiaries to any Intercreditor Lender pursuant to the Credit Agreement, the 1996 Note Purchase Agreement and this Agreement.

"Intercreditor Lenders" means, collectively, the holders of the Notes, the Bank Lenders, and the holders of the Existing Notes.

"Inventory" means, with respect to any Note Party, all goods, merchandise and other personal property which are held by such Note Party for sale or lease, including those held for display or demonstration.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Make-Whole Amount" is defined in Section 8.6.

"Margined Tangible Assets Coverage Ratio" means the ratio of (A) (i) the sum of 85% of Eligible Accounts Receivable, plus (ii) 60% of Eligible Inventory, plus (iii) 50% of Equipment, plus (iv) 80% of Appraised Real Estate Amount, plus (v) the Value of Pledged Foreign Subsidiary Stock to (B) the outstanding principal amount of Intercreditor Indebtedness. As used herein, the **"Value of Pledged Foreign Subsidiary Stock"** means, with respect to the Capital Stock of each Foreign Subsidiary that has been pledged by the Note Parties as Collateral hereunder and is subject to a valid and perfected First Priority Lien in favor of the Collateral Agent (including the taking of actions described in Section 9.11 with respect to each such Foreign Subsidiary, subject to the percentage limitations set forth therein), an amount equal to (x) the trailing four quarter Consolidated EBITDA for such Foreign Subsidiary multiplied by 1.625, in the event only 65% of the issued and outstanding Capital Stock of such Foreign Subsidiary has been pledged, or (y) the trailing four quarter Consolidated EBITDA for such Foreign Subsidiary multiplied by 2.5, in the event 100% of the issued and outstanding Capital Stock of such Foreign Subsidiary has been pledged.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Restricted Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"Mortgage" means (i) a security instrument (whether designated as a deed of trust or a mortgage or by any similar title) executed and delivered by any Note Party, substantially in the form of Exhibit 4 to this Agreement or in such other form as may be approved by the Required Holders, in each case with such changes thereto as may be required by the Required Holders based on local laws or customary local mortgage or deed of trust practices or (ii) at the Required Holders' option, in the case of property that is mortgaged after the date of the Closing pursuant to Section 9.6, an amendment to an existing Mortgage, in form satisfactory to the Required Holders, in either case as such security instrument or amendment may be amended, supplemented or otherwise modified from time to time.

"Mortgage Policies" is defined in Section 4.11(b).

"Mortgaged Property" shall have the meaning assigned to such term in the Mortgages.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"Note Documents" means this Agreement, the Notes, the Subsidiary Guaranty, the Collateral Documents and the Collateral Agency and Intercreditor Agreement.

"Note Party" means each of the Company and the Subsidiary Guarantors, and **"Note Parties"** means all such Persons, collectively.

"Notes" is defined in Section 1.

"Obligations" shall have the meaning assigned to such term in the Collateral Agency and Intercreditor Agreement.

"Off-Balance Sheet Debt" means all Debt of any partnership or joint venture of which the Company or any Subsidiary is a general partner or joint venturer, recourse with respect to which may be had against the Company or any Restricted Subsidiary or any of their respective assets.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Organizational Documents" means the documents (including bylaws, if applicable) pursuant to which a Person that is a corporation, partnership, trust or limited liability company is organized.

"Other Purchasers" means each of the other purchasers of Notes in the principal amount specified opposite its name in Schedule A to this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Permitted Liens" means, at any time, Liens in respect of property of the Note Parties permitted to exist at such time pursuant to the terms of Section 10.3.

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

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Purchasers" means, collectively, you and the Other Purchasers party to this Agreement.

"property" or **"properties"** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"QPAM Exemption" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Required Holders" means, at any time, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company, any Restricted Subsidiary or any of their Affiliates).

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this agreement.

"Restricted Lease" means any lease for real property other than a Capitalized Lease Obligation with an initial lease term (as defined under GAAP) (or a term that is extendable or renewable at either party's option for a total lease term) of one year or more from the date of creation thereof.

"Restricted Payment" means (i) the declaration or payment of any dividend on, or any distribution to the holders of, any shares of any class of capital stock of the Company or any Restricted Subsidiary, (ii) any purchase, redemption or other acquisition of shares of any class of capital stock of the Company or any Restricted Subsidiary (for consideration other than shares of Capital Stock (other than redeemable Capital Stock) of the Company or such Restricted Subsidiary), and (iii) any payment on account of any of the items in clauses (i) through (ii); provided that dividends paid by a Restricted Subsidiary to the Company or a Restricted Subsidiary shall not constitute Restricted Payments.

"Restricted Subsidiary" means, at any time, any Subsidiary of the Company which is not then designated an Unrestricted Subsidiary by the Board of Directors of the Company.

"S&P" means Standard & Poors Ratings Group, a division of McGraw Hill, Inc. and any successor thereto.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Security Agreement" means the Security Agreement dated as of even date herewith among the Collateral Agent, the Company and the Subsidiary Guarantors, substantially in the form of Exhibit 5 to this Agreement, as the same may be amended, supplemented and modified from time to time.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Shareholder" shall mean any record or beneficial holder of 5% or more of any class of the Company's capital stock. For purposes of making this computation, all warrants, rights, options, convertible securities and other rights to purchase or acquire a class of Company capital stock shall be deemed to be exercised.

"Significant Subsidiary" shall mean any Subsidiary with total assets (a) with a net book value in excess of 20% of Consolidated Tangible Assets as at the end of the immediately preceding fiscal quarter or (b) that generated in excess of 20% of Consolidated Net Income before interest and income taxes for any of the three most recently ended fiscal years.

"Subsidiary" means, as to any Person, any corporation or other Person of which more than 50% of the outstanding Voting Stock or other voting ownership interests are owned or controlled, directly or indirectly, by such Person either directly or through such Person's Subsidiaries. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Subsidiary Guarantor" means each Domestic Subsidiary in existence on the date of Closing and each Domestic Subsidiary that executes the applicable Note Documents pursuant to Section 9.8 hereof.

"Subsidiary Guaranty" means the Subsidiary Guaranty dated as of even date herewith, executed by the Subsidiary Guarantors, substantially in the form of Exhibit 6 to this Agreement, as the same may be amended, supplemented and modified from time to time.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Title Company" means, collectively, one or more title insurance companies satisfactory to the Collateral Agent and the Required Holders.

"Unrestricted Subsidiary" shall mean each Subsidiary of the Company which is so designated by the Board of Directors of the Company; provided, however, that no such designation shall be effective unless (a) at the time of such designation, such Subsidiary does not own any shares of capital stock or Debt of the Company or any other Restricted Subsidiary which is not simultaneously being designated an Unrestricted Subsidiary, (b) immediately after giving effect to such designation, and after deducting from all covenant calculations made in respect of the immediately preceding four fiscal quarters the assets, liabilities, revenues and costs attributable to such Subsidiary (i) no Default or Event of Default would either occur and be continuing or would have occurred at any time during the immediately preceding four fiscal quarters; (ii) the Company would be permitted to make the investment in such Subsidiary resulting from such designation in compliance with Section 10.5(g); and (iii) such designation is treated at the time of designation and at all times thereafter as a sale of assets for purposes of Section 10.2 and the Company would be permitted to make such asset sale in compliance with such Section. Any Subsidiary which has been designated as an Unrestricted Subsidiary pursuant to the preceding sentence may, at any time thereafter, be redesignated as a Restricted Subsidiary by resolution of the Board of Directors of the Company (a certified copy of which shall promptly be delivered to each holder of the Notes) if, immediately after giving effect to such redesignation and all other simultaneous designations and redesignations, if any, of other Subsidiaries pursuant to this definition, no Default or Event of Default shall exist. Any Subsidiary which has been redesignated as a Restricted Subsidiary as provided in the preceding sentence of this definition may not thereafter be designated or redesignated as an Unrestricted Subsidiary. No (x) Domestic Subsidiary or (y) Foreign Subsidiary whose Capital Stock has been pledged by the Note Parties as Collateral hereunder may be, or may be designated as, an Unrestricted Subsidiary; provided, however, the Company may designate a Domestic Subsidiary as an Unrestricted Subsidiary if such designation is either made at the time of acquisition or formation of such Domestic Subsidiary.

"Voting Stock" means, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

EXHIBIT 1

[FORM OF 5.36% SENIOR SECURED NOTE DUE 2009]

THIS NOTE IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN A COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT THAT, AMONG OTHER THINGS, ESTABLISHES CERTAIN RIGHTS WITH RESPECT TO THE SECURITY FOR THIS NOTE AND THE SHARING OF PROCEEDS THEREOF WITH CERTAIN OTHER SECURED CREDITORS (AS DEFINED IN THE COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT). AS A CONDITION TO TRANSFER, ANY TRANSFEREE OF A NOTE MUST BECOME A PARTY TO THE COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT. COPIES OF SUCH COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT WILL BE FURNISHED TO ANY HOLDER OF THIS NOTE UPON REQUEST TO THE COMPANY.

AMERON INTERNATIONAL CORPORATION

5.36% SENIOR SECURED NOTE DUE NOVEMBER 30, 2009

No. [_____] [Date]
$[_____] PPN 030710 C* 6

FOR VALUE RECEIVED, the undersigned, AMERON INTERNATIONAL CORPORATION (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on November 30, 2009 (or such amount thereof that remains outstanding), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 5.36% per annum from the date hereof, payable semiannually, on the 30th day of May and November in each year, commencing with May 30, 2003, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 7.36% or (ii) 2% over the rate of interest publicly announced by The Bank of New York from time to time in New York, New York as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America in the State of California at the principal office of the Company in such jurisdiction or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Secured Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of _____, 2003 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement, (ii) to have become a party to the Collateral Agency and Intercreditor Agreement (as defined in the Note Purchase Agreement) and (iii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement. This Note is secured by the Collateral Documents and is guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

AMERON INTERNATIONAL CORPORATION

By:
Name:
Title:

By:
Name:
Title:

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AMERON INTERNATIONAL CORPORATION

$50,000,000 5.36% Senior Secured Notes due November 30, 2009

NOTE PURCHASE AGREEMENT

Dated January 24, 2003

January 24, 2007

Ameron International Corporation
245 South Los Robles Avenue
Pasadena, California 91101-3638

Re: Note Purchase Agreement dated as of January 24, 2003

Ladies and Gentlemen:

Reference is made to the Note Purchase Agreement, dated as of January 24, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**"), by and between Ameron International Corporation, a Delaware corporation (the "**Company**"), on the one hand, and the Purchasers named therein, on the other hand. Capitalized terms not defined herein shall have the meanings given to such terms in the Agreement.

1. **Amendments to Agreement; Limited Consent**. Pursuant to the request of the Company and Section 17 of the Agreement, the Purchasers agree as follows:

1.1 Clause (A) of Section 10.2(a) is amended and restated, as follows:

"(A) any Restricted Subsidiary may merge with the Company or with any one or more wholly owned Restricted Subsidiaries so long as, in the case of any transaction involving the Company or a Subsidiary Guarantor (or a Person required to become a Subsidiary Guarantor), the Company or such Subsidiary Guarantor (or such Person required to become a Subsidiary Guarantor) shall be the continuing or surviving Person."

1.2 Section 10.2(a) is further amended to delete the "and" at the end of clause (D) thereof; to delete the period at the end of clause (E) thereof and replace such period with a "; and"; and to insert a new clause (F) thereof, as follows:

"(F) the Company may transfer all of the Capital Stock of Ameron (Pte) Ltd. to Ameron Singapore Brazil Holdings Pte. Ltd., a wholly-owned Subsidiary of the Company."

1.3 Section 10.2(c) is amended to delete the language "clauses (B), (C) and (E)" and to replace such language with "clauses (B), (C), (E) and (F)".

1.4 Notwithstanding anything to the contrary in Section 10.14 of the Agreement, the Purchasers hereby consent to the Third Amendment to Credit Agreement, dated as of the date of this letter agreement, by and among the Company and the other parties thereto, in the form of **Exhibit A** to this letter agreement.

1.5 The amendments and consent set forth in this letter agreement shall be limited precisely as written and shall not be deemed to be (i) an amendment, waiver, release or other modification of any other terms or conditions of any of the Note Documents or any other agreement or document related to the Note Documents, or (ii) a consent to any future amendment, consent, waiver, release or other modification. Except as expressly set forth in this letter agreement, each of the Note Documents and the other agreements and documents related to the Note Documents shall continue in full force and effect.

2. **Representations and Warranties**. In order to induce the undersigned Purchasers to enter into this letter agreement, the Company hereby represents, warrants and covenants that (i) each of the representations and warranties set forth in Section 5 of the Agreement is true, correct and complete, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true, correct and complete as of such earlier date, (ii) no Default or Event of Default is in existence, (iii) the Company and each Subsidiary Guarantor has taken all necessary action to duly authorize the execution, delivery and performance of this letter agreement, (iv) this letter agreement has been duly executed and delivered by the Company and each Subsidiary Guarantor, and this letter agreement (and the Agreement as modified hereby) constitute the Company's and the Subsidiary Guarantors' legal, valid and binding obligations, enforceable in accordance with their terms, except as such enforceability may be subject to (a) insolvency laws and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity), and (v) no consent, approval, authorization or order of, or filing, registration or qualification with, any court of Governmental Authority or other third party is required in connection with the execution, delivery or performance by the Company or any Subsidiary Guarantor of this letter agreement.

3. **Other Agreements.** Within ninety (90) days of the effective date of this letter agreement (or such later date as the Required Holders shall determine in their reasonable discretion), the Company shall cause to be delivered to the Collateral Agent (with a copy thereof to the Purchasers) a pledge agreement (or similar document) with respect to 65% of the Capital Stock of Ameron Singapore Brazil Holdings Pte. Ltd. governed by the laws of Singapore, together with a legal opinion of Singapore counsel for the Company, each in form and substance reasonably satisfactory to the Required Holders.

4. **Effectiveness**. The foregoing amendments and consent shall be effective, subject to the accuracy of the above representations and warranties, when: (a) the Purchasers shall have received (i) a fully executed and delivered counterpart of this letter agreement, (ii) a duly executed copy of the Third Amendment to Credit Agreement, dated as of the date of this letter agreement, by and among the Company and the other parties thereof, in the form of **Exhibit A** to this letter agreement; (b) none of the Company's other lenders shall have received any compensation for providing any consents, waivers, amendments or other modifications in connection with the amendments and consent effected by this letter agreement; and (c) Bingham McCutchen LLP shall have received, by wire transfer of immediately available funds, payment of all its unpaid legal fees and disbursements as of the date hereof.

5. **Counterparts.** This letter agreement may be executed in one or more counterparts by the undersigned Purchasers, the Company and the Subsidiary Guarantors and all such counterparts shall be read together as a single instrument.

6. **Governing Law.** This letter agreement shall be governed and construed in accordance with the laws of the State of New York.

[Signature pages follow.]

Sincerely,

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Matt Douglass*
Name: Matt Douglass
Title: Vice President

Accepted and agreed to effective
the date first appearing above:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. Vice President - Chief Financial Officer

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: EVP & Chief Operating Officer

Each of the following entities hereby consents to the modification effected in this letter agreement and the transactions contemplated hereby, reaffirms its obligations under the Subsidiary Guaranty and its waivers, as set forth in the Subsidiary Guaranty, of each and every one of the possible defenses to such obligations. In addition, each of the following entities reaffirms that its obligations under the Subsidiary Guaranty are separate and distinct from the Company's obligations.

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

AMERON COMPOSITES, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

Exhibit A

June 28, 2006

Ameron International Corporation
245 South Los Robles Avenue
Pasadena, California 91101-3638

Re: Note Purchase Agreement dated as of January 24, 2003

Ladies and Gentlemen:

Reference is made to the Note Purchase Agreement, dated as of January 24, 2003 (as amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**"), by and between Ameron International Corporation, a Delaware corporation (the "**Company**" or "**Ameron**"), on the one hand, and the Purchasers named therein, on the other hand. Capitalized terms not defined herein shall have the meanings given to such terms in the Agreement.

1. **Background**. The Company and certain of its affiliates party thereto as sellers (collectively, the "**Sellers**") propose to enter into a certain Asset Purchase Agreement, dated as of June 28, 2006 (the "**Purchase Agreement**"), with PPG Industries, Inc., a Pennsylvania corporation (the "**Buyer**"), whereby the Sellers will sell to the Buyer the Purchased Assets (as such term is defined in the Purchase Agreement) relating to the Sellers' coatings and finishes business for a sales price of approximately $115 million, and license to the Buyer certain intellectual property (the "**Coatings Asset Disposition**"). The Coatings Asset Disposition will not include the Excluded Assets (as such term is defined in the Purchase Agreement), which assets include, among others, certain real property of the Sellers identified as "Owned Property" on Schedule 2.2(j) of the Purchase Agreement (the "**Retained Real Property**"). The Sellers intend to dispose of the Retained Real Property in one or more separate transactions within one year of the date hereof (collectively, the "**Real Property Dispositions**").

2. **Limited Waivers and Authorization to Release Certain Liens**.

(a) Subject to the provisions of Section 4 hereof, the undersigned, constituting the Required Holders, hereby (i) waive (A) Section 10.7 of the Agreement to the extent such Section would be violated upon consummation of the Coatings Asset Disposition, and (B) any requirement of the Company under the Agreement to (I) include any of the proceeds of the Coatings Asset Disposition and the Real Property Dispositions, or any one of them, in the calculation of the financial tests set forth in clause (i) and clause (ii) of Section 10.2(a) of the Agreement, or (II) deliver an Officer's Certificate describing the use of proceeds from such dispositions, as contemplated by Section 10.2(b) of the Agreement, and (ii) authorize the Collateral Agent, upon consummation of the Coatings Asset Disposition or any Real Property Disposition, to release any of its Liens in or upon the assets comprising such disposition, as the case may be; provided, however, that (i) such waiver and authorization to release Liens relating to the Coatings Asset Disposition shall only be effective so long as such disposition is effected within 90 days of the date hereof, and (ii) such waiver and authorization to release Liens relating to the Real Property Dispositions shall only be effective so long as, and to the extent that, the Real Property Dispositions are effected within 365 days of the date hereof; and provided, further, that such waiver and authorization to release Liens relating to either the Coatings Asset Disposition or the Real Property Dispositions shall only be effective if (i) no Default or Event Default exists immediately prior to the consummation of the Coatings Asset Disposition or the applicable Real Property Disposition, as applicable, and after giving effect to such disposition, and (ii) neither the Bank Lenders under the Credit Agreement nor the holders of the notes under each of the other note purchase agreements shall be entitled to receive any amendment or similar fee as consideration for entering into the applicable consent or waiver relating to the Coatings Asset Disposition or any Real Property Disposition, as the case may be, unless the foregoing creditors and the holders of Notes under the Agreement are each offered an amendment or similar fee in proportion to the unpaid principal amount owing to such creditor at such time.

(b) Subject to the provisions of Section 4 hereof, the undersigned, constituting the Required Holders, hereby waive any default that may have occurred under the Agreement in connection with the formation of certain Subsidiaries since November 25, 2005; provided, however, that such waiver shall only be effective so long as each relevant Note Party has fulfilled, no later than July 30, 2006, its obligations under Section 9.8 and Section 9.11 of the Agreement, as applicable, relating to the formation of such Subsidiaries.

(c) The limited waivers and authorization to release certain liens set forth in this letter agreement shall be limited precisely as written and shall not be deemed to be (i) an amendment, waiver, release or other modification of any other terms or conditions of any of the Note Documents or any other agreement or document related to the Note Documents, or (ii) a consent to any future amendment, consent, waiver, release or other modification. Except as expressly set forth in this letter agreement, each of the Note Documents and the other agreements and documents related to the Note Documents shall continue in full force and effect.

3. **Representations, Warranties and Covenants**. In order to induce the undersigned Required Holders to enter into this letter agreement, the Company hereby represents, warrants and covenants that:

(a) each of the representations and warranties set forth in Section 5 of the Agreement is true, correct and complete, except to the extent such representations and warranties expressly relate to (i) an earlier date, in which case such representations and warranties are true, correct and complete as of such earlier date, and (ii) the information set forth on Schedule 5.4 of the Agreement, in which case such representations and warranties are true, correct and complete with respect to the information set forth on the revised Schedule 5.4 attached hereto as Exhibit A; and

(b) no Default or Event of Default is in existence.

4. **Effectiveness**. The foregoing waiver shall be effective, subject to the accuracy of the above representations and warranties, when: (a) each of the undersigned shall have received (i) a fully executed and delivered counterpart of this letter agreement, (ii) evidence satisfactory to it that the Company and the Subsidiary Guarantors have entered into, or simultaneously herewith are entering into, a substantially similar consent or waiver with the requisite Bank Lenders under the Credit Agreement and the requisite holders of the notes under each of the other note purchase agreements, and none of the foregoing creditors shall be entitled to receive any amendment or similar fee as consideration for entering into the applicable consent or waiver; and (b) Bingham McCutchen LLP shall have received, by wire transfer of immediately available funds, payment of all its unpaid legal fees and disbursements as of the date hereof. This waiver may be executed in one or more counterparts by the undersigned, the Company and the Subsidiary Guarantors and all such counterparts shall be read together as a single instrument.

[Signature pages follow.]

Sincerely,

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Matt Douglass*
Name: Matt Douglass
Title: Vice President

Accepted and agreed to effective
the date first appearing above:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. V.P. - CFO & Treasurer

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: EVP & Chief Operating Officer

Each of the following entities hereby consents to the modification effected in this letter agreement and the transactions contemplated hereby, reaffirms its obligations under the Subsidiary Guaranty and its waivers, as set forth in the Subsidiary Guaranty, of each and every one of the possible defenses to such obligations. In addition, each of the following entities reaffirms that its obligations under the Subsidiary Guaranty are separate and distinct from the Company's obligations.

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

AMERON COMPOSITES, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President - Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

Exhibit A

November 25, 2005

Ameron International Corporation
245 South Los Robles Avenue
Pasadena, California 91101-3638

Re: First Amendment to 2003 Note Purchase Agreement

Ladies and Gentlemen:

Reference is made to that certain Note Purchase Agreement, dated as of January 24, 2003, between Ameron International Corporation, a Delaware corporation (the "**Company**"), on the one hand, and The Prudential Insurance Company of America (the "**Purchaser**"), on the other hand (as amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Note Agreement**"). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Note Agreement.

The Company has requested that the Purchaser amend certain provisions of the Note Agreement as set forth herein, subject to the conditions and in reliance on the representations and warranties set forth herein.

In consideration of the foregoing recital, the parties hereto agree as follows:

1. Amendments to the Note Agreement. Pursuant to Section 17.1 of the Note Agreement, the Note Agreement is hereby amended as follows:

1.1 Section 10.10 of the Note Agreement is hereby amended by deleting clause (2) in its entirety and inserting the following in lieu thereof:

"(2) any other credit, loan, note, guaranty or other similar agreement pursuant to which financing constituting Intercreditor Indebtedness is or may be made available to, or guaranteed by, the Company or any Restricted Subsidiary,"

1.2 Section 11(l) of the Note Agreement is hereby amended and restated in its entirety to read as follows:

"(l) a Change of Control shall occur."

1.3 Schedule B to the Note Agreement is hereby amended by adding the following new definitions in their proper alphabetical order:

"**2005 Note Purchase Agreement**" means that certain Note Purchase Agreement dated as of November 25, 2005 among Ameron (Pte) Ltd. and each of the purchasers named on Schedule A thereto, as the same may be amended, modified, restated or supplemented and in effect from time to time.

"**2005 Notes**" means those certain 4.245% senior secured notes due November 25, 2012 issued by Ameron (Pte) Ltd. pursuant to the terms and provisions of the 2005 Note Purchase Agreement.

1.4 Clause (ii) of the definition of "Change of Control" set forth on Schedule B to the Note Agreement is hereby amended and restated in its entirety to read as follows:

"(ii) the occurrence of a "Change of Control" (or any comparable term) under, and as defined in, (A) the Credit Agreement, the 1996 Note Purchase Agreement, the 2005 Note Purchase Agreement or any other credit, loan, note, guaranty or other similar agreement pursuant to which financing constituting Intercreditor Indebtedness is or may be made available to, or guaranteed by, the Company or any Restricted Subsidiary, or (B) any indenture or agreement in respect of Material Indebtedness to which the Company or any Restricted Subsidiary is a party."

1.5 The definition of "Collateral Agency and Intercreditor Agreement" set forth on Schedule B to the Note Agreement is hereby amended and restated in its entirety to read as follows:

"Collateral Agency and Intercreditor Agreement" means the Amended and Restated Collateral Agency and Intercreditor Agreement dated as of November 25, 2005 among the Collateral Agent, the holders of the Notes and the senior lenders listed on the signature pages thereto, substantially in the form of Exhibit 3 to this Agreement, as the same may be amended, amended and restated, supplemented and modified from time to time.

1.6 The definition of "Intercreditor Indebtedness" set forth on Schedule B to the Note Agreement is hereby amended and restated in its entirety to read as follows:

"Intercreditor Indebtedness" means Debt owing by the Company or any of its Restricted Subsidiaries to any Intercreditor Lender pursuant to the Credit Agreement, the 2003 Note Purchase Agreement, the 2005 Note Purchase Agreement, this Agreement or any other credit, loan, note, guaranty or other similar agreement pursuant to which financing is or may be made available to, or guaranteed by, the Company or any Restricted Subsidiary so long as such Debt constitutes "Obligations" under, and as defined in, the Collateral Agency and Intercreditor Agreement.

1.7 The definition of "Intercreditor Lenders" set forth on Schedule B to the Note Agreement is hereby amended and restated in its entirety to read as follows:

"Intercreditor Lenders" means, collectively, the holders of the Notes, the Bank Lenders, the holders of the 2003 Notes, the holders of the 2005 Notes and any other Secured Creditor (as such term is defined in the Collateral Agency and Intercreditor Agreement).

1.8 Exhibit 3 to the Note Agreement is hereby amended and restated in its entirety as set forth on Exhibit A attached hereto and made a part hereof.

1.9 Schedule 5.4 to the Note Agreement is hereby amended and restated in its entirety as set forth on Exhibit B attached hereto and made a part hereof.

2. Representations and Warranties. The Company hereby certifies that as of the date hereof (a) after giving effect to the amendment set forth in Section 1.9 above, the representations and warranties of the Company contained in Section 5 of the Note Agreement are true and correct as though made on and as of such date and (b) no Default or Event of Default under the Note Agreement exists or will exist after giving effect to the amendments and the waiver set forth herein and the transactions contemplated hereby.

3. Conditions to Effectiveness. The effectiveness of the amendments set forth in Section 1 of this letter agreement is subject to the following:

(a) receipt by the holders of the Notes of a counterpart of this letter agreement, duly executed and delivered by the Company and the Required Holders;

(b) the Company shall have delivered to each holder of the Notes fully executed copies of (i) the Amended and Restated Collateral Agency and Intercreditor Agreement dated as of the date hereof among the Collateral Agent, the holders of the Notes, Bank of America, N.A., as Administrative Agent under the Credit Agreement, the Bank Lenders, the holders of the Existing Notes and the holders of the 2005 Notes and acknowledged and consented to by the Company, each of the other Note Parties and Ameron (Pte) Ltd., (ii) amendments to the Security Agreement and the Mortgages granting Liens in favor of the Collateral Agent to secure the obligations of the Note Parties under and in respect of the 2005 Note Purchase Agreement and the 2005 Notes, which collectively shall have been duly executed on behalf of each Note Party party thereto and the Collateral Agent and (iii) appropriate endorsements to the Mortgage Policies in form and substance reasonably satisfactory to the holders of the Notes;

(c) the Company shall have delivered to each holder of the Notes a fully executed copy of the 2005 Note Purchase Agreement and any amendment to the 1996 Note Purchase Agreement executed in connection therewith, each as originally executed and delivered, together with all exhibits and schedules thereto; and

(d) the Company shall have paid all costs and expenses incurred by the Purchaser (including, without limitation, reasonable attorneys' fees and expenses) in connection with this letter agreement and the transactions contemplated hereby.

4. No Waiver. The amendments set forth in this letter agreement shall be limited precisely as written and shall not be deemed to be (a) an amendment, consent or waiver of any other terms or conditions of the Note Agreement or any other document related to the Note Agreement or any other credit arrangement between any holder of the Notes or any of their respective affiliates and the Company and its affiliates, (b) a waiver of any right or remedy of the holders of the Notes issued under the Note Agreement, or (c) a consent to any future amendment, consent or waiver of the Note Agreement or any future transaction, event or condition which would constitute a Default or Event of Default under the Note Agreement. Except as expressly set forth in this letter agreement, the Note Agreement and all related documents shall continue in full force and effect and shall not be impaired or otherwise affected by the execution of this letter agreement.

5. **Counterpart**. This letter agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Execution of this letter agreement by any of the parties may be evidenced by way of a faxed transmission of such party's signature and such faxed signature shall be deemed to constitute the original signature of such party to this letter agreement.

6. **Governing Law**. This letter agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York, excluding choice of law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

[Remainder of page intentionally left blank; next page is signature page.]

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterparts of this letter agreement, whereupon, subject to satisfaction of the conditions set forth in paragraph 3 above, this letter agreement will become a binding agreement among the Company and the Purchaser.

Very truly yours,

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Matt Douglass*
Name: Matt Douglass
Title: Vice President

The foregoing letter agreement is hereby accepted as of the date first above written.

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. V.P. - CFO & Treasurer

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: EVP & Chief Operating Officer

EXHIBIT A

AMENDED AND RESTATED
COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT

See attached

EXHIBIT B

SUBSIDIARIES

See attached

AMERON (PTE) LTD.

NOTE PURCHASE AGREEMENT

NOVEMBER 25, 2005

SGD51,000,000 4.245% SENIOR SECURED NOTES DUE NOVEMBER 25, 2012

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AMERON (PTE) LTD.
c/o Ameron International Corporation
245 South Los Robles Avenue
Pasadena, California 91101-3638

SGD51,000,000 4.245% SENIOR SECURED NOTES DUE NOVEMBER 25, 2012

November 25, 2005

To each of the Purchasers listed
on the attached signature pages:

Ladies and Gentlemen:

AMERON (PTE) LTD., a private company incorporated under the laws of Singapore (the "**Company**"), agrees with you as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of SGD51,000,000 aggregate principal amount of its 4.245% Senior Secured Notes due November 25, 2012 (the "**Notes**", such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. The Notes shall be secured by the Collateral pursuant to the Collateral Documents and guaranteed by the Parent Guarantor and the Subsidiary Guarantors pursuant to the Multiparty Guaranty. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Each of your obligations hereunder are several and not joint obligations and you shall have no obligation and no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Bingham McCutchen LLP at Three Embarcadero Center, San Francisco, California, at 9:00 a.m., San Francisco time, at a closing (the "**Closing**") on November 25, 2005 or on such other Business Day thereafter on or prior to November 30, 2005 as may be agreed upon by the Company and you and the Other Purchasers. On the Document Delivery Date, the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least SGD100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order on the date of the Closing of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds as directed by the Company in a funding instruction letter delivered to you at least two Business Days prior to the Document Delivery Date. If the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction on or before the Document Delivery Date or the date of Closing, as applicable (as specified in Section 4 below), you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, on or before the Document Delivery Date or the date of Closing (as specified below), of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Note Parties in the Note Documents shall be correct when made and at the time of the Closing.

4.2. Performance; No Default.

Each Note Party shall have performed and complied with all agreements and conditions contained in the Note Documents required to be performed or complied with by it prior to the date of Closing (or, if specified in Section 3 or 4 hereof, the Document Delivery Date) and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.8) no Default or Event of Default shall have occurred and be continuing. None of the Note Parties shall not have entered into any transaction since August 28, 2005 that would have been prohibited by Section 10 hereof had such Section applied since such date and neither the Parent Guarantor nor any Subsidiary of the Parent Guarantor shall have entered into any transaction since August 28, 2005 that would have been prohibited by Section 13 of the Multiparty Guaranty had such Section applied since such date.

4.3. Compliance Certificate.

The Company shall have delivered to you on or before the Document Delivery Date an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

4.4. Opinions of Counsel.

You shall have received on or before the Document Delivery Date opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Javier Solis, Esq. and Gibson, Dunn & Crutcher LLP, General Counsel and Special United States Counsel, respectively, for the Company and the other Note Parties, covering the matters set forth in Exhibit 2(a) and Exhibit 2(b), respectively, and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you); (b) from Drew & Napier LLC, Special Singapore Counsel for the Company, covering the matters set forth in Exhibit 2(c) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you); (c) from Case Bigelow & Lombardi, Special Hawaiian Counsel for Island Ready-Mix Concrete, Inc., covering the matters set forth in Exhibit 2(d) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you); and (d) from Bingham McCutchen LLP, your special United States counsel in connection with such transactions, covering such matters incident to such transactions as you may reasonably request.

4.5. Purchase Permitted By Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6. Sale of Other Notes.

Contemporaneously with the Closing the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 16.1, the Company shall have paid on or before the Document Delivery Date the fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Document Delivery Date.

4.8. Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9. Changes in Corporate Structure.

The Company shall not have changed its jurisdiction of organization or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 9(e) of the Multiparty Guaranty.

4.10. Security Interests in Personal and Mixed Property; Mortgages.

You shall have received evidence satisfactory to you on or before the Document Delivery Date that the Note Parties (other than the Company) shall have taken or caused to be taken all such actions, executed and delivered or caused to be executed and delivered all such agreements, documents and instruments (including all amendments, supplements or other modifications to the Collateral Documents to ensure that the obligations evidenced by the Notes are secured by the Liens created under the Collateral Documents in favor of the Collateral Agent), and made or caused to be made all such filings and recordings that may be necessary or, in your opinion or the opinion of the Collateral Agent, desirable in order to create in favor of the Collateral Agent, for the benefit of the Intercreditor Lenders (including, without limitation, each of the holders of the Notes), a valid and (upon such filing and recording) perfected First Priority security interest in the entire personal and mixed property Collateral and each of the Mortgaged Properties. Such actions shall include the following:

(a) Amendment to Security Agreement. The Collateral Agent shall have received from the Note Parties on or before the Document Delivery Date a fully executed copy of that certain Amendment to Security Agreement, dated as of November 25, 2005, among the Collateral Agent, the Parent Guarantor and the Subsidiary Guarantors, in form and substance satisfactory to you, pursuant to which the terms of that certain Security Agreement dated as of January 24, 2003 among the Collateral Agent, the Parent Guarantor and the Subsidiary Guarantors are being amended to grant a valid and enforceable First Priority security interest in the entire personal and mixed property Collateral in favor of the Collateral Agent, for the benefit of the Intercreditor Lenders (including, without limitation, each of the holders of the Notes), to secure all Intercreditor Indebtedness (including, without limitation, all Debt evidenced by the Notes);

(b) Mortgages. The Collateral Agent shall have received from the Note Parties on or before the Document Delivery Date fully executed and notarized modifications or amendments to each of the Mortgages for each of the Mortgaged Properties in proper form for recording in all appropriate places in all applicable jurisdictions, creating a valid and enforceable First Priority Mortgage Lien on each Mortgaged Property in favor of the Collateral Agent, for the benefit of the Intercreditor Lenders, to secure all Intercreditor Indebtedness; and

(c) Title Insurance Endorsements. The Collateral Agent shall have received from the Note Parties on or before the Document Delivery Date (i) an endorsement to the Mortgage Policy previously issued by the Title Company with respect to each Mortgaged Property covering such matters as may be reasonably requested by the holders of the Notes and (ii) evidence of payment of all premiums in respect of such endorsements.

Notwithstanding the foregoing, the parties hereto acknowledge and agree that the existing foreign stock pledge agreements executed by certain of the Notes Parties in favor of the Collateral Agent pursuant to the terms of the Credit Agreement, the 1996 Note Agreement and the 2003 Note Agreement shall not be modified or amended as provided above.

4.11. Evidence of Insurance.

You and the Collateral Agent shall have received on or before the Document Delivery Date a certificate from the Parent Guarantor's insurance broker or other evidence satisfactory to you that all insurance required to be maintained pursuant to the Collateral Documents is in full force and effect and that the Collateral Agent has been named as additional insured and/or loss payee thereunder to the extent required under the Collateral Documents.

4.12. Note Party Documents

On or before the Document Delivery Date, the Note Parties shall have delivered to you with respect to the Company or such other Note Party, as the case may be, each, unless otherwise noted, dated the date of the Closing:

(a) Certified copies of the Organizational Documents of such Person, together with a good standing certificate from the Secretary of State or other applicable Governmental Authority of its jurisdiction of organization, and, to the extent generally available, a certificate or other evidence of good standing as to payment of any applicable franchise or similar taxes from the appropriate taxing authority of each such state or jurisdiction, each to be dated a recent date prior to the date of the Closing;

(b) Resolutions of the Governing Body of such Person approving and authorizing the execution, delivery and performance of the Note Documents to which it is a party, certified as of the date of the Closing by the secretary or similar officer of such Person as being in full force and effect without modification or amendment;

(c) Signature and incumbency certificates of the officers of the Note Party executing the documents referred to in item (b) above, and any other documents, instruments and certificates required to be executed by such Note Party in connection herewith or therewith;

(d) Copies of the Note Documents, duly executed by each party thereto; and

(e) Such other documents or certificates as you may reasonably request.

4.13. Collateral Agency and Intercreditor Agreement.

On or before the date of the Document Delivery Date, the Collateral Agency and Intercreditor Agreement shall have been duly executed and delivered by the parties thereto.

4.14. Structuring Fee.

In connection with this transaction, the Company shall have paid to the Purchasers on or before the Document Delivery Date a structuring fee in the aggregate amount of US$30,000.

4.15. Acceptance of Appointment to Receive Service of Process.

The Company shall have delivered to you on or before the Document Delivery Date evidence of the acceptance by National Registered Agents, Inc. of the appointment and designation provided for by Section 23.8 for the period from the date of the Closing to November 25, 2013 (and the payment in full of all fees in respect thereof).

4.16. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received on or before the Document Delivery Date all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

5.1. Organization; Power and Authority.

The Company is a private company duly organized, validly existing and in good standing under the laws of Singapore, and, to the extent applicable, is duly qualified as a foreign company and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Notes and the other Note Documents to which it is a party and to perform the provisions hereof and thereof.

5.2. Authorization, etc.

This Agreement, the Notes and the other Note Documents to which the Company is a party have been duly authorized by all necessary action on the part of the Company, and this Agreement and the other Note Documents to which the Company is a party constitute, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by the Company of the Note Documents to which it is a party will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, Organizational Document, or any other agreement or instrument to which the Company is bound or by which the Company or any of its properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

5.4. Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required to be obtained or made by the Company in connection with the execution, delivery or performance by the Company of any Note Document to which it is a party, including, without limitation, any thereof required in connection with the obtaining of Singapore Dollars to make payments under this Agreement, the Notes or any other Note Document and the payment of such Singapore Dollars to Persons resident in the United States of America. It is not necessary to ensure the legality, validity, enforceability or admissibility into evidence in Singapore of this Agreement, the Notes or any other Note Document or any other document be filed, recorded or enrolled with any Governmental Authority, or that any such agreement or document be stamped with any stamp, registration or similar transaction tax (other than stamp duties imposed by any Governmental Authority in Singapore in connection with any proceedings conducted in the courts of Singapore).

5.5. Litigation; Observance of Agreements, Statutes and Orders.

(a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any property of the Company in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) The Company is not in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority and is not in violation of any applicable law, ordinance, rule or regulation (including, without limitation, any Environmental Laws or, to the extent applicable to the Company, the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with Singapore Financial Reporting Standards. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate in accordance with Singapore Financial Reporting Standards.

5.7. Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you and the Other Purchasers, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

5.8. Use of Proceeds; Margin Regulations.

The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.8. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). The Company and its Subsidiaries do not own any margin stock and the Company does not have any present intention of acquiring margin stock. As used in this Section, the terms "**margin stock**" and "**purpose of buying or carrying**" shall have the meanings assigned to them in said Regulation U.

5.9. Foreign Assets Control Regulations, etc.

(a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) Neither the Company nor any Subsidiary (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in section 1 of the Anti-Terrorism Order or (ii) engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act, to the extent applicable to the Company.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

5.10. Status under Certain Statutes.

The Company is not subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

5.11. Currency Control Laws.

There are no currency or exchange controls under the laws of Singapore which would affect the ability of the Company to pay to any holder of the Notes any amounts owing under this Agreement, the Notes or any other Note Document.

6. REPRESENTATIONS OF THE PURCHASER.

6.1. Purchase for Investment.

Each of you represents that you are an institutional "accredited investor" within the meaning of subparagraphs (1), (2), (3) or (7) of Rule 501(a) promulgated under the Securities Act. Each of you represents that you are purchasing the Notes to be purchased by you for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2. Source of Funds.

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

(i) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("**PTE**") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "**NAIC Annual Statement**")) for the general account contract (s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with your state of domicile; or

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

(iii) the Source is either (a) an insurance company pooled separate account, within the meaning of PTE 90-1 or (b) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by you to the Company in writing pursuant to this clause (iii), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(iv) the Source constitutes assets of an "investment fund" (within the meaning of Part V of PTE 84-14 (the "**QPAM Exemption**")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such QPAM and (b) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (iv); or

(v) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the "**INHAM Exemption**")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such INHAM and (b) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (v); or

(vi) the Source is a governmental plan; or

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

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

As used in this Section 6.2, the terms "**employee benefit plan**", "**governmental plan**", "**party in interest**" and "**separate account**" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Annual Financial Statements — as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidated statements of income, cash flows and stockholders' equity of the Company and its Subsidiaries for such year, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail, prepared in accordance with Singapore Financial Reporting Standards, satisfactory in form to the Required Holders, and accompanied

(i) by an opinion thereon of independent certified public accountants of recognized international standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with Singapore Financial Reporting Standards, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(ii) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit);

(b) Notice of Default or Event of Default — promptly, and in any event within five days after a Responsible Officer of the Company becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f) or 11(g), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(c) Notices from Governmental Authority — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary of the Company from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(d) Requested Information — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of any of the Note Parties to perform their respective obligations hereunder, under the other Note Documents and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

7.2. Inspection.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company, to examine all its books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss its affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1. Required Prepayments.

On November 25, 2008 and on each November 25 thereafter to and including November 25, 2011 the Company will prepay SGD10,200,000 principal amount (or such lesser principal amount as shall then be outstanding) of the Notes at par and without payment of the Make-Whole Amount or any premium, provided, that upon any partial prepayment of the Notes pursuant to Section 8.2, the principal amount of each required prepayment of the Notes becoming due under this Section 8.1 on and after the date of any such partial prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment or purchase.

8.2. Optional Prepayments with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than SGD2,000,000 of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date and the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3).

8.3. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.4. Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5. Make-Whole Amount.

The term "**Make-Whole Amount**" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"**Called Principal**" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"**Discounted Value**" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Reinvestment Yield**" means, with respect to the Called Principal of any Note, the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City local time) on the Business Day next preceding the Settlement Date with respect to such Called Principal for actively traded benchmark Singapore Government bonds having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, on the display designated as Page 0#SGBMK on the Reuters Screen (or if Reuters shall cease to report such yields or shall cease to be Prudential Capital Group's customary source of information for calculating yield-maintenance amounts on privately placed notes, then such source as is then Prudential Capital Group's customary source of such information), or if such yields are not reported as of such time or the yields reported shall not be ascertainable, (ii) the average of the yields for such securities as determined by Recognized Singapore Government Bond Market Makers. Such implied yield will be determined, if necessary, by (a) converting quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded benchmark Singapore Government bonds with the maturity closest to and greater than the Remaining Average Life of such Called Principal and (2) the actively traded benchmark Singapore Government bonds with the maturity closest to and less than the Remaining Average Life of such Called Principal.

"**Remaining Average Life**" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"**Remaining Scheduled Payments**" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"**Settlement Date**" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

8.6. Prepayments under the Collateral Agency and Intercreditor Agreement.

Any prepayments of the Notes in accordance with the Collateral Agency and Intercreditor Agreement under circumstances in which the Notes have not been declared due and payable under Section 11 hereof shall be treated as optional prepayments under Section 8.2 for purposes of calculating any Make-Whole Amount due in connection with such prepayment.

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1. Compliance with Law.

The Company will comply with all laws, ordinances or governmental rules or regulations to which it is subject, including, without limitation, all Environmental Laws and, to the extent applicable to the Company, ERISA, and the USA Patriot Act, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. Maintenance of Properties.

The Company will maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Company from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.3. Payment of Taxes and Claims.

The Company will and will cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with Singapore Financial Reporting Standards on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.4. Corporate Existence, etc.

The Company will at all times preserve and keep in full force and effect its corporate existence.

9.5. Information Required by Rule 144A.

The Company will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this Section 9.7, the term "qualified institutional buyer" shall have the meaning specified in Rule 144A under the Securities Act, but shall not include any Person who is engaged in businesses of the type then being engaged in by the Company.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1. Use of Proceeds; Hostile Tender Offer.

The Company covenants that the proceeds of the Notes will be immediately distributed in their entirety to the Parent Guarantor as a dividend on the Capital Stock of the Company held by the Parent Guarantor, and the Company covenants that in no event shall any of the proceeds of the Notes be used to fund a Hostile Tender Offer, or to fund distributions, loans, or advances to any other Person (other than the Parent Guarantor).

10.2 Terrorism Sanctions Regulations.

The Company will not, and will not permit any Subsidiary to, (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engage in any dealings or transactions with any such Person.

11. EVENTS OF DEFAULT.

An "**Event of Default**" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of (i) any interest on any Note or any amount payable pursuant to Section 14 for more than five Business Days after the same becomes due and payable, or (ii) the Collateral Agent fee set forth in Section 4.03 of the Collateral Agency and Intercreditor Agreement, to the Collateral Agent; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 9.4 or Section 10 hereof or any other Note Party defaults in the performance or compliance with any term contained in Section 13 of the Multiparty Guaranty; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer of the Company or the Parent Guarantor obtaining actual knowledge of such default and (ii) the Company or any other Note Party receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any Note Party defaults in the performance of or compliance with any term contained in any Note Document other than this Agreement (other than those referred to in paragraphs (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer of the Company or the Parent Guarantor obtaining actual knowledge of such default and (ii) the Company or the Parent Guarantor receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (e) of Section 11); or

(f) (i) any representation or warranty made in writing by or on behalf of the Company or any Note Party or by any officer of the Company or any Note Party in this Agreement, any other Note Document or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made, (ii) the Multiparty Guaranty for any reason, other than in satisfaction in full of all Intercreditor Indebtedness evidenced by this Agreement, the Notes, the 1996 Note Purchase Agreement, the 2003 Note Purchase Agreement and the Existing Notes, shall cease to be in full force and effect with respect to the Parent Guarantor or any Subsidiary Guarantor (other than in accordance with its terms) or shall be declared null and void with respect to the Parent Guarantor or any Subsidiary Guarantor, (iii) any Collateral Document shall for any reason cease to be in full force and effect (other than by reason of a release of Collateral thereunder in accordance with the terms hereof or thereof, the satisfaction in full of all Intercreditor Indebtedness, or any other termination of such Collateral Document in accordance with the terms hereof or thereof) or shall be declared null and void, or the Collateral Agent shall not have or shall cease to have a valid and perfected First Priority Lien in any Collateral purported to be covered thereby (subject to the express limitations set forth in the Security Agreement), or (iv) any Note Party shall contest the validity or enforceability of any Note Document in writing or deny in writing that it has any further liability under any Note Document to which it is a party; or

(g) (i) the Company, the Parent Guarantor or any Restricted Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt beyond any period of grace provided with respect thereto, or (ii) the Company, the Parent Guarantor or any Restricted Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time, the sale of assets on which the holder of applicable Debt has a Lien, the sale of Capital Stock, or the right of the holder of Debt to convert such Debt into equity interests), (x) the Company, the Parent Guarantor or any Restricted Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment, or (y) one or more Persons have the right to require the Company, the Parent Guarantor or any Restricted Subsidiary so to purchase or repay such Debt; provided that, except in the case of Debt under the Credit Agreement, the aggregate outstanding principal amount of all Debt referred to in clauses (i) through (iii), inclusive, is at least US$5,000,000 (or its equivalent in other currencies); or

(h) the Company, the Parent Guarantor or any Restricted Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(i) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company, the Parent Guarantor or any of its Restricted Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company, the Parent Guarantor or any of its Restricted Subsidiaries, or any such petition shall be filed against the Company, the Parent Guarantor or any of its Restricted Subsidiaries and such petition shall not be dismissed within 60 days; or

(j) any event occurs with respect to the Company which under the laws of any jurisdiction is analogous to any of the events described in Section 11(h) or (i), *provided* that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(h) or (i); or

(k) (i) a final judgment or judgments for the payment of money aggregating in excess of US$5,000,000 (or its equivalent in other currencies) (to the extent not covered by an independent third-party insurance carrier with a rating of "A-" or better by S&P or an equivalent rating from another nationally recognized credit rating agency and as to which such insurer has acknowledged coverage with respect to such judgment or judgments) are rendered against one or more of the Company, the Parent Guarantor and the Restricted Subsidiaries and which judgments are not, within 30 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 30 days after the expiration of such stay, or (ii) a final judgment or judgments for the payment of money aggregating in excess of US$5,000,000 (or its equivalent in other currencies) (whether or not covered by insurance) are rendered against one or more of the Company, the Parent Guarantor and the Restricted Subsidiaries and enforcement proceedings are commenced by any creditor upon such judgment or judgments; or

(l) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Parent Guarantor or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA shall exceed US$5,000,000 (or its equivalent in other currencies), (iv) the Parent Guarantor or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Parent Guarantor or any ERISA Affiliate withdraws from any Multiemployer Plan, (vi) the Company, the Parent Guarantor or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(m) a Change of Control shall occur.

As used in Section 11(l), the terms "**employee benefit plan**" and "**employee welfare benefit plan**" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (h), (i) or (j) of Section 11 (other than an Event of Default described in clause (i) of paragraph (h) or described in clause (vi) of paragraph (h) by virtue of the fact that such clause encompasses clause (i) of paragraph (h)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in any Note or in any other Note Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise, subject to Section 2.06 of the Collateral Agency and Intercreditor Agreement. Any breach by any holder of any Note of Section 2.06 of the Collateral Agency and Intercreditor Agreement shall not in any way limit such holder's rights hereunder or result in a claim by the Company against such holder.

12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 18, and (c) no judgment or decree has been entered and no foreclosure remedy with respect to the Collateral has been consummated for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, by any Note or any other Note Document upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 16, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. Transfer and Exchange of Notes; Transferee to Become Party to CollateralAgency and Intercreditor Agreement.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than SGD100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than SGD100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2. Each transferee of Note shall, as a condition to transfer, simultaneously become a party to the Collateral Agency and Intercreditor Agreement.

13.3. Replacement of Notes.

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

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least US$100,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

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

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. TAX INDEMNIFICATION.

All payments whatsoever under this Agreement and the Notes will be made by the Company in Singapore Dollars free and clear of, and without liability or withholding or deduction for or on account of, any Taxes of whatever nature imposed or levied by or on behalf of any jurisdiction other than the United States (or any political subdivision or taxing authority of or in such jurisdiction) (hereinafter a "**Taxing Jurisdiction**"), unless the withholding or deduction of such Tax is compelled by law.

If any deduction or withholding for any Tax of a Taxing Jurisdiction shall at any time be required in respect of any amounts to be paid by the Company under this Agreement or the Notes, the Company will pay to the relevant Taxing Jurisdiction the full amount required to be withheld, deducted or otherwise paid before penalties attach thereto or interest accrues thereon and pay to each holder of a Note such additional amounts as may be necessary in order that the net amounts paid to such holder pursuant to the terms of this Agreement or the Notes after such deduction, withholding or payment (including, without limitation, any required deduction or withholding of Tax on or with respect to such additional amount), shall be not less than the amounts then due and payable to such holder under the terms of this Agreement or the Notes before the assessment of such Tax, *provided* that no payment of any additional amounts shall be required to be made for or on account of:

(a) any Tax imposed, levied, assessed, deducted or withheld by Singapore (or any political subdivision or taxing authority of or in such jurisdiction); *provided* that if, as a result of any change to existing laws, ordinances, treaties or governmental rules or regulations in force as of November 1, 2005, any additional Taxes (such Taxes herein referred to as, "**Additional Singapore Taxes**") are imposed, levied, assessed, deducted or withheld by Singapore (or any political subdivision or taxing authority of or in such jurisdiction), then the Company will pay to each holder of the Notes such additional amounts as may be necessary in order that the net amount of every payment made to each holder of Notes, after provision for payment of such Additional Singapore Taxes, shall be equal to the amount which such holder would have received had no Additional Singapore Taxes been imposed;

(b) any Tax that would not have been imposed but for the existence of any present or former connection between such holder (or a fiduciary, settlor, beneficiary, member of, shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation or any Person other than the holder to whom the Notes or any amount payable thereon is attributable for the purposes of such Tax) and the Taxing Jurisdiction, other than the mere holding of the relevant Note or the receipt of payments thereunder or in respect thereof, including, without limitation, such holder (or such other Person described in the above parenthetical) being or having been a citizen or resident thereof, or being or having been present or engaged in trade or business therein or having or having had an establishment, office, fixed base or branch therein, *provided* that this exclusion shall not apply with respect to a Tax that would not have been imposed but for the Company, after the date of the Closing, opening an office in, moving an office to, reincorporating in, or changing the Taxing Jurisdiction from or through which payments on account of this Agreement or the Notes are made to, the Taxing Jurisdiction imposing the relevant Tax;

(c) any Tax that would not have been imposed but for the delay or failure by such holder (following a written request by the Company) in the filing with the relevant Taxing Jurisdiction of Forms (as defined below) that are required to be filed by such holder to avoid or reduce such Taxes, *provided* that the filing of such Forms would not (in such holder's reasonable judgment) impose any unreasonable burden (in time, resources or otherwise) on such holder or result in any confidential or proprietary income tax return information being revealed, either directly or indirectly, to any Person and such delay or failure could have been lawfully avoided by such holder, and *provided further* that such holder shall be deemed to have satisfied the requirements of this clause (c) upon the good faith completion and submission of such Forms as may be specified in a written request of the Company no later than 60 days after receipt by such holder of such written request (accompanied by copies of such Forms and related instructions, if any, all in the English language or with an English translation thereof); or

(d) any combination of clauses (a), (b) and (c) above;

and *provided further* that in no event shall the Company be obligated to pay such additional amounts to any holder of a Note (i) not resident in the United States of America or any other jurisdiction in which an original Purchaser is resident for tax purposes on the date of the Closing in excess of the amounts that the Company would be obligated to pay if such holder had been a resident of the United States of America or such other jurisdiction, as applicable, for purposes of, and eligible for the benefits of, any double taxation treaty from time to time in effect between the United States of America or such other jurisdiction and the relevant Taxing Jurisdiction or (ii) to any holder of a Note registered in the name of a nominee if under the law of the relevant Taxing Jurisdiction (or the current regulatory interpretation of such law) securities held in the name of a nominee do not qualify for an exemption from the relevant Tax and the Company shall have given timely notice of such law or interpretation to such holder.

By acceptance of any Note, the holder of such Note agrees, subject to the limitations of clause (b) above, that it will from time to time with reasonable promptness (x) duly complete and deliver to or as reasonably directed by the Company all such forms, certificates, documents and returns provided to such holder by the Company (collectively, together with instructions for completing the same, "**Forms**") required to be filed by or on behalf of such holder pursuant to the provisions of an applicable statute, regulation or administrative practice of the relevant Taxing Jurisdiction or of a tax treaty between the United States and such Taxing Jurisdiction in order to avoid or reduce any Tax in respect of which the Company would be obligated to pay any additional amounts to such holder under this Section 14 and (y) provide the Company with such information with respect to such holder as the Company may reasonably request in order to complete any such Forms, *provided* that nothing in this Section 14 shall require any holder to provide information with respect to any such Form or otherwise if in the opinion of such holder such Form or disclosure of information would involve the disclosure of tax return or other information that is confidential or proprietary to such holder, and *provided further* that each such holder shall be deemed to have complied with its obligation under this paragraph with respect to any Form if such Form shall have been duly completed and delivered by such holder to the Company or mailed to the appropriate taxing authority, whichever is applicable, within 60 days following a written request of the Company (which request shall be accompanied by copies of such Form and English translations of any such Form not in the English language) and, in the case of a transfer of any Note, at least 90 days prior to the relevant interest payment date.

On or before the date of the Closing the Company will furnish you with copies of the appropriate Form (and English translation if required as aforesaid) currently required to be filed in Singapore pursuant to clause (c) of the second paragraph of this Section 14, if any, and in connection with the transfer of any Note the Company will furnish the transferee of such Note with copies of any Form and English translation then required.

If any payment is made by the Company to or for the account of the holder of any Note after deduction for or on account of any Taxes, and increased payments are made by the Company pursuant to this Section 14, then, if such holder at its sole discretion determines that it has received or been granted a refund of, or credit attributable to, such Taxes, such holder shall, to the extent that it can do so without prejudice to the retention of the amount of such refund or credit, reimburse to the Company such amount as such holder shall, in its sole discretion, determine to be attributable to the relevant Taxes or deduction or withholding. Nothing herein contained shall interfere with the right of the holder of any Note to arrange its tax affairs in whatever manner it thinks fit and, in particular, no holder of any Note shall be under any obligation to claim relief from its corporate profits or similar tax liability in respect of such Tax in priority to any other claims, reliefs, credits or deductions available to it or (other than as set forth in clause (c) above) oblige any holder of any Note to disclose any information relating to its tax affairs or any computations in respect thereof.

The Company will furnish the holders of Notes, promptly and in any event within 60 days after the date of any payment by the Company of any Tax in respect of any amounts paid under this Agreement or the Notes, the original tax receipt issued by the relevant taxation or other authorities involved for all amounts paid as aforesaid (or if such original tax receipt is not available or must legally be kept in the possession of the Company, a duly certified copy of the original tax receipt or any other reasonably satisfactory evidence of payment), together with such other documentary evidence with respect to such payments as may be reasonably requested from time to time by any holder of a Note.

If the Company is required by any applicable law, as modified by the practice of the taxation or other authority of any relevant Taxing Jurisdiction, to make any deduction or withholding of any Tax in respect of which the Company would be required to pay any additional amount under this Section 14, but for any reason does not make such deduction or withholding with the result that a liability in respect of such Tax is assessed directly against the holder of any Note, and such holder pays such liability, then the Company will promptly reimburse such holder for such payment (including any related interest or penalties to the extent such interest or penalties arise by virtue of a default or delay by the Company) upon demand by such holder accompanied by an official receipt (or a duly certified copy thereof) issued by the taxation or other authority of the relevant Taxing Jurisdiction.

If the Company makes payment to or for the account of any holder of a Note and such holder is entitled to a refund of the Tax to which such payment is attributable upon the making of a filing (other than a Form described above), then such holder shall, as soon as practicable after receiving written request from the Company (which shall specify in reasonable detail and supply the refund forms to be filed) use reasonable efforts to complete and deliver such refund forms to or as directed by the Company, subject, however, to the same limitations with respect to Forms as are set forth above.

The obligations of the Company under this Section 14 shall survive the payment or transfer of any Note and the provisions of this Section 14 shall also apply to successive transferees of the Notes.

15. PAYMENTS ON NOTES.

15.1. Place of Payment.

Subject to Section 15.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in Singapore at the principal office of JPMorgan Chase Bank N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

15.2. Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 15.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 15.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 15.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 15.2.

16. EXPENSES, ETC.

16.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Notes or any other Note Document (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Notes or any other Note Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Notes or any other Note Document, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby, by the Notes and by any other Note Document. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

16.2. Certain Taxes.

The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or Singapore or of any amendment of, or waiver or consent under or with respect to, this Agreement or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 16, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

16.3. Survival.

The obligations of the Company under this Section 16 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, the Notes or any other Note Document, and the termination of this Agreement and the other Note Documents.

17. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein and in the other Note Documents shall survive the execution and delivery of this Agreement, the Notes or the other Note Documents, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement or any other Note Document shall be deemed representations and warranties of the Company under this Agreement or any other Note Document. Subject to the preceding sentence, this Agreement, the Notes and the other Note Documents embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

18. AMENDMENT AND WAIVER.

18.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 22 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11 (b), 12, 18 or 21.

18.2. Solicitation of Holders of Notes.

The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 18 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

18.3. Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 18 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "**this Agreement**" and "**the Note Documents**" and references thereto shall mean this Agreement and the Note Documents, respectively, as they may from time to time be amended or supplemented.

18.4. Notes held by Company, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Subsidiaries and Affiliates shall be deemed not to be outstanding.

19. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 19 will be deemed given only when actually received.

20. REPRODUCTION OF DOCUMENTS.

This Agreement, the other Note Documents and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you on the Document Delivery Date and at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic, electronic, digital or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 20 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

21. CONFIDENTIAL INFORMATION.

For the purposes of this Section 21, "**Confidential Information**" means information delivered to you by or on behalf of the Parent Guarantor or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Parent Guarantor or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Parent Guarantor or any Subsidiary or (d) constitutes financial statements delivered to you under Section 9(e) of the Multiparty Guaranty that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 21, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 21), (v) any Person from which you offer to purchase any security of the Company or the Parent Guarantor (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 21), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 21 as though it were a party to this Agreement. On reasonable request by the Company or the Parent Guarantor in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its

nominee), such holder will enter into an agreement with the Company or the Parent Guarantor, as applicable, embodying the provisions of this Section 21. You acknowledge and agree that you are aware (and that your directors, officers, employees, agents, attorneys, affiliates and advisors who are apprised of this matter have been or will be advised) that the United States securities laws may prohibit any person who has material non-public information about a company from purchasing or selling securities of that company and from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such other person is likely to purchase or sell such securities.

22. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 22), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 22), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

23. MISCELLANEOUS.

23.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement and the other Note Documents by or on behalf of any of the parties hereto or thereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

23.2. Payments Due on Non-Business Days.

Anything in this Agreement, the Collateral Documents or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

23.3. Severability.

Any provision of this Agreement or the other Note Documents that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

23.4. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

23.5. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

23.6. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

23.7. Collateral Release Date.

Each holder of a Note hereby agrees to instruct the Collateral Agent to release any Lien on any Collateral (i) upon the payment and satisfaction in full by the Company of all the Notes and any other obligations under this Agreement, (ii) constituting property being sold or disposed of if a release is required in connection therewith and the Required Holders have confirmed in writing that such sale or disposition is permitted hereby, (iii) constituting property in which neither the Company nor the Parent Guarantor nor any Subsidiary Guarantor owned an interest at the time the security interest was granted or at any time thereafter, or (iv) constituting property leased to the Company, the Parent Guarantor or any Subsidiary Guarantor under a lease that has expired or is terminated in a transaction permitted under this Agreement.

23.8. Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement, the Notes or the Note Documents. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the 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.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 23.8(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of a Note in any suit, action or proceeding of the nature referred to in Section 23.8(a) by mailing a copy thereof by registered or certified or priority mail, postage prepaid, return receipt requested, or delivering a copy thereof in the manner for delivery of notices specified in Section 19, to National Registered Agents, Inc., with offices at 875 Avenue of the Americas, Suite 501, New York, New York 10001, as its agent for the purpose of accepting service of any process in the United States. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 23.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) The Company hereby irrevocably appoints National Registered Agents, Inc. to receive for it, and on its behalf, service of process in the United States.

(f) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

23.9. Obligation to Make Payment in Singapore Dollars.

Any payment on account of an amount that is payable hereunder or under the Notes in Singapore Dollars (including principal, interest and Make-Whole Amounts and any amounts payable pursuant to Section 16.1 hereof) which is made to or for the account of any holder of Notes in any other currency, whether as a result of any judgment or order or the enforcement thereof or the realization of any security or the liquidation of the Company, shall constitute a discharge of the obligation of the Company under this Agreement or the Notes only to the extent of the amount of Singapore Dollars which such holder could purchase in the foreign exchange markets in London, England, with the amount of such other currency in accordance with normal banking procedures at the rate of exchange prevailing on the London Banking Day following receipt of the payment first referred to above. If the amount of Singapore Dollars that could be so purchased is less than the amount of Singapore Dollars originally due to such holder, the Company agrees to the fullest extent permitted by law, to indemnify and save harmless such holder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall, to the fullest extent permitted by law, constitute an obligation separate and independent from the other obligations contained in this Agreement, the Notes and the other Note Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by such holder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under the Notes or under any judgment or order. As used herein the term "**London Banking Day**" shall mean any day other than Saturday or Sunday or a day on which commercial banks are required or authorized by law to be closed in London, England.

23.10. Language.

Each instrument, certificate, statement, legal opinion, undertaking, report or other document referred to herein or to be delivered hereunder by any Note Party shall, except as otherwise expressly permitted hereby, be in the English language, or, if not in the English language, accompanied by an English translation certified by a Senior Officer of the Company as correct in a manner reasonably satisfactory to the Required Holders.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

AMERON (PTE) LTD.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Director

The foregoing is hereby agreed to as of the date thereof.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Matt Douglass*
Name: Matt Douglass
Title: Vice President

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Name in Which Notes are to be Registered	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Note Registration Number; Principal Amount	R-1; SGD51,000,000
Payment on Account of Note Method Account Information	 Wire transfer of immediately available funds Overseas-Chinese Banking Corporation Singapore SWIFT: OCBCSGSG IBAN #: GB35CHAS 60924 2254 91217 Account Name: JPMorgan Chase Bank N.A. London CHASGB2L Account #: 501474191001 Beneficiary: PGF-INC-SGD A/C 25491217 Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: AMERON (PTE) LTD. Description of Security: 4.245% Senior Secured Notes due November 25, 2012 PPN: Y0102# AA 4 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	The Prudential Insurance Company of America c/o Trade Management Four Gateway Center 100 Mulberry Street Newark, New Jersey 07102-4077 Attn: Manager Fax: 800-224-2278 <u>with telephonic prepayment notices to</u>: Manager, Investment Structuring and Pricing Tel: 973-802-7398 Fax: 973-802-9425

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Address for All Other Notices	The Prudential Insurance Company of America c/o Prudential Capital Group – Corporate Finance Four Embarcadero Center, Suite 2700 San Francisco, California 94111-4180 Attn: Managing Director Fax: 415-421-6233 with a copy to: The Prudential Insurance Company of America c/o Trade Management Four Gateway Center 100 Mulberry Street Newark, NJ 07102-4077 Attn: Manager Fax: 800-224-2278
Other Instructions	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA By: _____ Name: Title: Vice President
Instructions re Delivery of Notes	Prudential Capital Group – Corporate Finance Four Embarcadero Center, Suite 2700 San Francisco, CA 94111-4180 Attn: James Evert
Tax Identification Number	22-1211670

SCHEDULE B

DEFINED TERMS

Unless otherwise specified herein or in the Note Purchase Agreement to which this Schedule B is attached, all accounting terms used herein and in the Note Purchase Agreement shall be interpreted, and all accounting determinations hereunder shall be made, in accordance with GAAP. As used in the Note Purchase Agreement, the following terms have the respective meanings set forth below or set forth in the Section of the Note Purchase Agreement following such term:

"**1996 Note Purchase Agreement**" means those certain Note Purchase Agreements dated August 28, 1996 among the Parent Guarantor and the holders of the notes party thereto, as amended and restated pursuant to that certain Amendment and Restatement of Note Purchase Agreement dated as of January 24, 2003 and as the same may be further amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"**2003 Note Purchase Agreement**" means that certain Note Purchase Agreement dated January 24, 2003 among the Parent Guarantor and the holders of the notes party thereto, as the same may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"**Additional Singapore Taxes**" is defined in Section 14.

"**Affiliate**" means, at any time, and with respect to any Person, (a) any other Person (other than a Restricted Subsidiary) that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary of the Company or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"**Agreement**" means this Note Purchase Agreement by and among the Company and the Purchasers listed on the signatures pages hereof.

"**Anti-Terrorism Order**" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"**Attributable Indebtedness**" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"**Bank Lenders**" means the lenders from time to time under the Credit Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City or Singapore are required or authorized to be closed.

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

"**Capital Stock**" means (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"**Change of Control**" means the occurrence of any of the following events: (i) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall have acquired beneficial ownership, directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, or control over, 30% or more of the outstanding Voting Stock of the Parent Guarantor, or (ii) the occurrence of a "Change of Control" (or any comparable term) under, and as defined in (A) the Credit Agreement, the 1996 Note Purchase Agreement or the 2003 Note Purchase Agreement or any other credit, loan, note, guaranty or other similar agreement pursuant to which financing constituting Intercreditor Indebtedness is or may be made available to, or guaranteed by, the Company or any Restricted Subsidiary, or (B) any indenture or agreement in respect of Material Indebtedness to which the Parent Guarantor, the Company or any Restricted Subsidiary is a party. As used herein, "**beneficial ownership**" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Exchange Act. As used herein, "**Material Indebtedness**" shall mean Debt (other than Intercreditor Indebtedness) of any one or more of the Parent Guarantor, the Company and the Restricted Subsidiaries in an aggregate principal amount exceeding US$10,000,000 (or its equivalent in other currencies).

"**Closing**" is defined in Section 3.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"**Collateral**" means, collectively, all of the real, personal and mixed property (including capital stock) (other than Excluded Property) in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Intercreditor Indebtedness.

"**Collateral Agency and Intercreditor Agreement**" means the Amended and Restated Collateral Agency and Intercreditor Agreement dated as of even date herewith among the Collateral Agent, you, each Other Purchaser and the senior lenders listed on the signature pages thereto, substantially in the form of Exhibit 3 to this Agreement, as the same may be amended, amended and restated, supplemented and modified from time to time.

"**Collateral Agent**" means Bank of America, N.A., acting in its capacity as collateral agent under the Collateral Agency and Intercreditor Agreement, together with its successors and assigns.

"**Collateral Documents**" means the Security Agreement, the Mortgages and all other instruments or documents delivered by any Note Party pursuant to this Agreement or any of the other Note Documents in order to grant to the Collateral Agent, on behalf of holders of the Notes, a Lien on any real, personal or mixed property of that Note Party as security for the Intercreditor Indebtedness.

"**Company**" means Ameron (Pte) Ltd., a private company incorporated under the laws of Singapore.

"**Confidential Information**" is defined in Section 21.

"**Consolidated Debt**" means, without duplication, (a) any obligation of the Parent Guarantor or any Restricted Subsidiary for borrowed money (including the Intercreditor Indebtedness and other obligations evidenced by notes, bonds, debentures or similar written instruments), (b) any liabilities for deferred purchase price of property acquired by the Parent Guarantor or any Restricted Subsidiary (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property), (c) the Attributable Indebtedness of the Parent Guarantor or any Restricted Subsidiary with respect to Capital Leases and Synthetic Lease Obligations, (d) the principal portion of all obligations of the Parent Guarantor or any Restricted Subsidiary as an account party in respect of financial letters of credit and bankers' acceptances, including, without duplication, all unreimbursed drafts drawn thereunder, (e) the aggregate amount of uncollected accounts receivable of the Parent Guarantor or any Restricted Subsidiary subject at such time to a sale of receivables (or similar transaction) to the extent such transaction is effected with recourse to the Parent Guarantor or such Restricted Subsidiary (whether or not such transaction would be reflected on the balance sheet of the Parent Guarantor or such Restricted Subsidiary in accordance with GAAP), (f) Off-Balance Sheet Debt, (g) obligations secured by a Lien on, or payable out of the proceeds of production from, property of the Parent Guarantor or any Restricted Subsidiary whether or not such obligation shall be assumed by the Parent Guarantor or such Restricted Subsidiary, (h) any Guaranty of the Parent Guarantor or any Restricted Subsidiary with respect to liabilities of a type described in clauses (a), (b), (c), (d), (e), (f) and (g) above, and (i) all renewals and extensions of any of the foregoing, all on a consolidated basis in accordance with GAAP.

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

"**Credit Agreement**" means that certain Credit Agreement dated as of January 24, 2003 among the Parent Guarantor, Bank of America, N.A., as Administrative Agent, and the Bank Lenders thereunder, as amended, supplemented or otherwise modified from time to time (including any amended and restated credit agreement), together with any other credit agreement or loan agreement which replaces such credit agreement.

"**Debt**", as to any Person, has the same meaning as Consolidated Debt (treating such Person as the Parent Guarantor).

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

"**Default Rate**" means that rate of interest that is the greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank as its "base" or "prime" rate.

"**Document Delivery Date**" means the 24 hour period ending as of 12:00 noon New York City time on the date that is two Business Days prior to the date of the Closing.

"**Domestic Subsidiary**" means a Subsidiary of the Parent Guarantor which is created, organized or domesticated in the United States or under the law of the United States or any state or territory thereof.

"**Environmental Laws**" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Parent Guarantor under section 414 of the Code.

"**Event of Default**" is defined in Section 11.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Excluded Property**" means (a) with respect to the Company, all property of the Company every kind and nature, and (b) with respect to any other Note Party, including any Person that becomes a Note Party after the date of the Closing as contemplated by Section 18 of the Multiparty Guaranty, (i) any owned real property that is not a Mortgaged Property, (ii) any leased real property, (iii) any leased personal property, (iv) any personal property (including, without limitation, motor vehicles) in respect of which perfection of a Lien is not either (A) governed by the Uniform Commercial Code or (B) effected by appropriate evidence of the Lien being filed in either the United States Copyright Office or the United States Patent and Trademark Office, (v) any property which, subject to the terms of Section 13(i) of the Multiparty Guaranty, is subject to a Lien of the type described in 13(c)(vi) of the Multiparty Guaranty pursuant to documents which prohibit such Note Party from granting any other Liens in such property and (vi) rights in any agreement (A) the grant of a security interest in which would violate the agreement under which such right arises except to the extent provided under Sections 9-406, 9-407 and 9-408 of the Uniform Commercial Code, or (B) to the extent that the pledge or assignment of such agreement requires the consent of any third party unless such third party has consented thereto except to the extent provided under Sections 9-406, 9-407 and 9-408 of the Uniform Commercial Code.

"**Existing Notes**" means, collectively, (a) those certain 7.92% Senior Notes due September 1, 2006 in the aggregate original principal amount of US$50,000,000 issued by the Parent Guarantor pursuant to the 1996 Note Purchase Agreement, and (b) those certain 5.36% Senior Secured Notes due November 30, 2009 in the aggregate original principal amount of US$50,000,000 issued by the Parent Guarantor pursuant to the 2003 Note Purchase Agreement.

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that (i) such Lien is perfected and has priority over any other Lien on such Collateral (other than Liens permitted under the Note Documents) and (ii) such Lien is the only Lien (other than Liens permitted under the Note Documents) to which such Collateral is subject.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**Forms**" is defined in Section 14.

"**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States of America.

"**Governing Body**" means the board of directors or other body having the power to direct or cause the direction of the management and policies of a Person that is a corporation, partnership, trust or limited liability company.

"**Governmental Authority**" means

(a) the government of

(i) Singapore, the United States of America or any state, province or other political subdivision of either of them, or

(ii) any jurisdiction in which the Parent Guarantor, the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Parent Guarantor, the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"**Guaranty**" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"**holder**" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"**Hostile Tender Offer**" means, with respect to the use of proceeds of any of the Notes, any offer to purchase, or any purchase of, shares of Capital Stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases of such shares, equity interests, securities or rights representing less than 5% of the equity interests or beneficial ownership of such corporation or other entity for portfolio investment purposes, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity.

"**including**" means, unless the context clearly requires otherwise, "including, without limitation."

"**INHAM Exemption**" is defined in Section 6.2(v).

"**Institutional Investor**" means (a) any original purchaser of a Note or any Affiliate thereof, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"**Intercreditor Indebtedness**" means Debt owing by the Company, the Parent Guarantor or any of the Restricted Subsidiaries to any Intercreditor Lender pursuant to the Credit Agreement, the 1996 Note Purchase Agreement, the 2003 Note Purchase Agreement, this Agreement (including in respect of the Notes) or any other credit, loan, note, guaranty or other similar agreement pursuant to which financing is or may be made available to, or guaranteed by, the Company or any Restricted Subsidiary, so long as such Debt constitutes "Obligations" under, and as defined in, the Collateral Agency and Intercreditor Agreement.

"**Intercreditor Lenders**" means, collectively, the holders of the Notes, the Bank Lenders, the holders of the Existing Notes and any other Secured Creditor (as such term is defined in the Collateral Agency and Intercreditor Agreement).

"**Lien**" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"**Make-Whole Amount**" is defined in Section 8.5.

"**Material**" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Parent Guarantor and its Restricted Subsidiaries taken as a whole.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Parent Guarantor and its Restricted Subsidiaries taken as a whole, or (b) the ability of any of the Note Parties to perform its obligations under any of the Note Documents to which it is a party, or (c) the validity or enforceability of this Agreement, the Multiparty Guaranty or the Notes.

"**Mortgage**" means (i) a security instrument (whether designated as a deed of trust or a mortgage or by any similar title) executed and delivered by any Note Party, substantially in the form of Exhibit 4 to this Agreement or in such other form as may be approved by the Required Holders, in each case with such changes thereto as may be required by the Required Holders based on local laws or customary local mortgage or deed of trust practices or (ii) at the Required Holders' option, in the case of property upon which a mortgage has previously been granted to the Collateral Agent or in the case of property that is mortgaged after the date of the Closing pursuant to Section 18 of the Multiparty Guaranty, an amendment to an existing Mortgage, in form satisfactory to the Required Holders, in either case as such security instrument or amendment may be amended, supplemented or otherwise modified from time to time.

"**Mortgage Policies**" means Title insurance policies in ALTA form (standard lenders' policy with survey exception) or unconditional commitments therefor issued by the Title Company with respect to the Mortgaged Property, including a 1970 policy jacket or a policy jacket of later date which includes a waiver of arbitration, in amounts not less than the respective amounts designated therein with respect to the Mortgaged Property, insuring fee simple title to the Mortgaged Property vested in the applicable Note Party and insuring that the Mortgages create a valid and enforceable First Priority mortgage Lien on the Mortgaged Property encumbered thereby to secure all Intercreditor Indebtedness, subject only to Liens permitted by the Note Documents.

"**Mortgaged Property**" shall have the meaning assigned to such term in the Mortgages.

"**Multiemployer Plan**" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"**Multiparty Guaranty**" means the Multiparty Guaranty, dated as of even date herewith, executed by the Parent Guarantor and the Subsidiary Guarantors, substantially in the form of Exhibit 6 to this Agreement, as the same may be amended, supplemented and modified from time to time.

"**NAIC Annual Statement**" is defined in Section 6.2(i).

"**Note Documents**" means this Agreement, the Notes, the Multiparty Guaranty, the Collateral Documents and the Collateral Agency and Intercreditor Agreement.

"**Note Party**" means each of the Company, the Parent Guarantor and the Subsidiary Guarantors, and "**Note Parties**" means all such Persons, collectively.

"**Notes**" is defined in Section 1.

"**Off-Balance Sheet Debt**" means all Debt of any partnership or joint venture of which the Parent Guarantor or any Subsidiary is a general partner or joint venturer, recourse with respect to which may be had against the Parent Guarantor, the Company or any Restricted Subsidiary or any of their respective assets.

"**Officer's Certificate**" means a certificate of a Senior Financial Officer or of any other officer of the Company or the Parent Guarantor, as the case may be, whose responsibilities extend to the subject matter of such certificate.

"**Organizational Documents**" means the documents (including bylaws, if applicable) pursuant to which a Person that is a corporation, partnership, trust or limited liability company is organized.

"**Other Purchasers**" means each of the other purchasers of Notes in the principal amount specified opposite its name in Schedule A to this Agreement.

"**Parent Guarantor**" means Ameron International Corporation, a Delaware corporation.

"**PBGC**" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"**Person**" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

"**Plan**" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Parent Guarantor or any ERISA Affiliate or with respect to which the Parent Guarantor or any ERISA Affiliate may have any liability.

"**property**" or "**properties**" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"**Purchasers**" means, collectively, you and the Other Purchasers party to this Agreement.

"**PTE**" is defined in Section 6.2(i).

"**QPAM Exemption**" is defined in Section 6.2(iv).

"**Recognized Singapore Government Bond Market Makers**" means two internationally recognized dealers of Singapore Government bonds reasonably selected by Prudential Capital Group.

"**Required Holders**" means, at any time, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company, the Parent Guarantor or any Restricted Subsidiary or any of their Affiliates).

"**Responsible Officer**" means any Senior Financial Officer and any other officer of the Company or the Parent Guarantor, as the case may be, with responsibility for the administration of the relevant portion of this Agreement.

"**Restricted Subsidiary**" means, at any time, any Subsidiary of the Parent Guarantor which is not then designated an Unrestricted Subsidiary by the Board of Directors of the Parent Guarantor.

"**S&P**" means Standard & Poors Ratings Group, a division of McGraw Hill, Inc. and any successor thereto.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Security Agreement**" means the Security Agreement dated as of January 24, 2003 among the Collateral Agent, the Parent Guarantor and the Subsidiary Guarantors, substantially in the form of Exhibit 5 to this Agreement, as amended by that certain Amendment to Security Agreement of even date herewith and as the same may be further amended, supplemented and modified from time to time.

"**Senior Financial Officer**" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company or the Parent Guarantor, as the case may be.

"**Singapore Dollars**" and "**SGD**" means lawful currency of Singapore.

"**Singapore Financial Reporting Standards**" means Singapore Financial Reporting Standards issued by the Council on Corporate Disclosure and Governance, as in effect from time to time in Singapore.

"**Source**" is defined in Section 6.2.

"**Subsidiary**" means, as to any Person, any corporation or other Person of which more than 50% of the outstanding Voting Stock or other voting ownership interests are owned or controlled, directly or indirectly, by such Person either directly or through such Person's Subsidiaries. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Parent Guarantor.

"**Subsidiary Guarantor**" means each Domestic Subsidiary in existence on the date of Closing and each Domestic Subsidiary that executes the applicable Note Documents pursuant to Section 18 of the Multiparty Guaranty.

"**Synthetic Lease Obligation**" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"**Tax**" means any tax (whether income, documentary, sales, stamp, registration, issue, capital, property, excise or otherwise), duty, assessment, levy, impost, fee, compulsory loan, charge or withholding.

"**Taxing Jurisdiction**" is defined in Section 14.

"**Title Company**" means, collectively, one or more title insurance companies satisfactory to the Collateral Agent and the Required Holders.

"**Uniform Commercial Code**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect from time to time in the State of New York (or, to the extent otherwise applicable, any other applicable jurisdiction).

"**United States Dollars**" and "**US$**" means lawful currency of the United States of America.

"**Unrestricted Subsidiary**" means each Subsidiary of the Parent Guarantor which is so designated by the Board of Directors of the Parent Guarantor; provided, however, that no such designation shall be effective unless (a) at the time of such designation, such Subsidiary does not own any shares of capital stock or Debt of the Parent Guarantor or any other Restricted Subsidiary which is not simultaneously being designated an Unrestricted Subsidiary, (b) immediately after giving effect to such designation, and after deducting from all covenant calculations made in respect of the immediately preceding four fiscal quarters the assets, liabilities, revenues and costs attributable to such Subsidiary (i) no Default or Event of Default would either occur and be continuing or would have occurred at any time during the immediately preceding four fiscal quarters; (ii) the Parent Guarantor would be permitted to make the investment in such Subsidiary resulting from such designation in compliance with Section 13(e)(vii) of the Multiparty Guaranty; and (iii) such designation is treated at the time of designation and at all times thereafter as a sale of assets for purposes of Section 13(b) of the Multiparty Guaranty and the Parent Guarantor would be permitted to make such asset sale in compliance with such Section. Any Subsidiary which has been designated as an Unrestricted Subsidiary pursuant to the preceding sentence may, at any time thereafter, be redesignated as a Restricted Subsidiary by resolution of the Board of Directors of the Parent Guarantor (a certified copy of which shall promptly be delivered to each holder of the Notes) if, immediately after giving effect to such redesignation and all other simultaneous designations and redesignations, if any, of other Subsidiaries pursuant to this definition, no Default or Event of Default shall exist. Any Subsidiary which has been redesignated as a Restricted Subsidiary as provided in the preceding sentence of this definition may not thereafter be designated or redesignated as an Unrestricted Subsidiary. No (x) Domestic Subsidiary or (y) Foreign Subsidiary whose Capital Stock has been pledged by the Note Parties as Collateral hereunder may be, or may be designated as, an Unrestricted Subsidiary; provided, however, the Parent Guarantor may designate a Domestic Subsidiary as an Unrestricted Subsidiary if such designation is either made at the time of acquisition or formation of such Domestic Subsidiary.

"**USA Patriot Act**" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Voting Stock**" means, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

SCHEDULE 5.8

USE OF PROCEEDS

A portion of the proceeds of the Notes will be distributed as a dividend from the Company to the Parent Guarantor on or prior to November 30, 2005. The remaining balance of the proceeds of the Notes will be used for general corporate purposes.

EXHIBIT 1

[FORM OF 4.245% SENIOR SECURED NOTE DUE 2012]

THIS NOTE IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN AN AMENDED AND RESTATED COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT THAT, AMONG OTHER THINGS, ESTABLISHES CERTAIN RIGHTS WITH RESPECT TO THE SECURITY FOR THIS NOTE AND THE SHARING OF PROCEEDS THEREOF WITH CERTAIN OTHER SECURED CREDITORS (AS DEFINED IN SUCH AGREEMENT). AS A CONDITION TO TRANSFER, ANY TRANSFEREE OF A NOTE MUST BECOME A PARTY TO THE AMENDED AND RESTATED COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT. COPIES OF SUCH AMENDED AND RESTATED COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT WILL BE FURNISHED TO ANY HOLDER OF THIS NOTE UPON REQUEST TO THE COMPANY.

AMERON (PTE) LTD.

4.245% SENIOR SECURED NOTE DUE NOVEMBER 25, 2012

No. R-[__] [Date]
SGD[_____] PPN: Y0102# AA 4

FOR VALUE RECEIVED, the undersigned, **AMERON (PTE) LTD.** (herein called the "**Company**"), a private company incorporated under the laws of Singapore, hereby promises to pay to **[_____]**, or registered assigns, the principal sum of **[_____] SINGAPORE DOLLARS** on November 25, 2012 (or such amount thereof that remains outstanding), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 4.245% per annum from the date hereof, payable semiannually, on the 25th day of May and November in each year, commencing with the May 25th or November 25th next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 4.245% or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank from time to time in New York, New York as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of Singapore at the principal office of the Company in such jurisdiction or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Secured Notes (herein called the "**Notes**") issued pursuant to that certain Note Purchase Agreement, dated as of November 25, 2005 (as from time to time amended, the "**Note Purchase Agreement**"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 21 of the Note Purchase Agreement, (ii) to have become a party to the Collateral Agency and Intercreditor Agreement (as defined in the Note Purchase Agreement) and (iii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement. This Note is secured by the Collateral Documents and is guaranteed by the Parent Guarantor and the Subsidiary Guarantors pursuant to the Multiparty Guaranty.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

AMERON (PTE) LTD.

By: _____
Name:
Title:

EXHIBIT 2(a)

FORM OF OPINION OF GENERAL COUNSEL FOR THE NOTE PARTIES

See attached

EXHIBIT 2(b)

FORM OF OPINION OF SPECIAL UNITED STATES COUNSEL FOR THE NOTE PARTIES

See attached

EXHIBIT 2(c)

FORM OF OPINION OF SPECIAL SINGAPORE COUNSEL FOR THE COMPANY

See attached

EXHIBIT 2(d)

FORM OF OPINION OF SPECIAL HAWAIIAN COUNSEL FOR ISLAND READY - MIX CONCRETE, INC.

See attached

EXHIBIT 3

FORM OF COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT

See attached

EXHIBIT 4

FORM OF MORTGAGE

See attached

EXHIBIT 5

FORM OF SECURITY AGREEMENT

See attached

EXHIBIT 6

FORM OF MULTIPARTY GUARANTY

See attached

January 24, 2007

Ameron International Corporation
245 South Los Robles Avenue
Pasadena, California 91101-3638

Re: Multiparty Guaranty dated as of November 25, 2005

Ladies and Gentlemen:

Reference is made to the Multiparty Guaranty, dated as of November 25, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "**Multiparty Guaranty**"), made by Ameron International Corporation, a Delaware corporation (the "**Parent Guarantor**") and the Subsidiary Guarantors named therein in favor of the Beneficiaries named therein. Capitalized terms not defined herein shall have the meanings given to such terms in the Multiparty Guaranty.

1. **Amendments to Multiparty Guaranty; Limited Consent**. Pursuant to the request of the Parent Guarantor and Section 16 of the Multiparty Guaranty, the undersigned holder of Notes agrees as follows:

1.1 Clause (A) of Section 13(b)(i) is amended and restated, as follows:

"(A) any Restricted Subsidiary may merge with the Parent Guarantor or with any one or more wholly owned Restricted Subsidiaries so long as, in the case of any transaction involving the Parent Guarantor or a Subsidiary Guarantor (or a Person required to become a Subsidiary Guarantor), the Parent Guarantor or such Subsidiary Guarantor (or such Person required to become a Subsidiary Guarantor) shall be the continuing or surviving Person."

1.2 Section 13(b)(i) is further amended to delete the "and" at the end of clause (D) thereof; to delete the period at the end of clause (E) thereof and replace such period with "; and"; and to insert a new clause (F) thereof, as follows:

"(F) the Parent Guarantor may transfer all of the Capital Stock of the Company to Ameron Singapore Brazil Holdings Pte. Ltd., a wholly-owned Subsidiary of the Parent Guarantor.

1.3 Section 13(b)(iii) is amended to delete the language "clauses (B), (C) and (E)" and to replace such language with "clauses (B), (C), (E) and (F)".

1.4 Notwithstanding anything to the contrary in Section 13(m) of the Multiparty Guaranty, the undersigned holder of Notes hereby consents to the Third Amendment to Credit Agreement, dated as of the date of this letter agreement, by and among the Parent Guarantor and the other parties thereto, in the form of **Exhibit A** to this letter agreement.

1.5 The amendments and consent set forth in this letter agreement shall be limited precisely as written and shall not be deemed to be (i) an amendment, waiver, release or other modification of any other terms or conditions of any of the Note Documents or any other agreement or document related to the Note Documents, or (ii) a consent to any future amendment, consent, waiver, release or other modification. Except as expressly set forth in this letter agreement, each of the Note Documents and the other agreements and documents related to the Note Documents shall continue in full force and effect.

2. **Representations and Warranties**. In order to induce the undersigned holder of Notes to enter into this letter agreement, the Parent Guarantor hereby represents, warrants and covenants that (i) each of the representations and warranties set forth in Section 9 of the Multiparty Guaranty is true, correct and complete, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true, correct and complete as of such earlier date, (ii) no Default or Event of Default is in existence, (iii) the Parent Guarantor and each Subsidiary Guarantor has taken all necessary action to duly authorize the execution, delivery and performance of this letter agreement, (iv) this letter agreement has been duly executed and delivered by the Parent Guarantor and each Subsidiary Guarantor, and this letter agreement (and the Multiparty Guaranty as modified hereby) constitute the Parent Guarantor's and the Subsidiary Guarantors' legal, valid and binding obligations, enforceable in accordance with their terms, except as such enforceability may be subject to (a) insolvency laws and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity), and (v) no consent, approval, authorization or order of, or filing, registration or qualification with, any court of Governmental Authority or other third party is required in connection with the execution, delivery or performance by the Parent Guarantor or any Subsidiary Guarantor of this letter agreement.

3. **Other Agreements.** Within ninety (90) days of the effective date of this letter agreement (or such later date as the Required Holders shall determine in their reasonable discretion), the Parent Guarantor shall cause to be delivered to the Collateral Agent (with a copy thereof to the holder of Notes) a pledge agreement (or similar document) with respect to 65% of the Capital Stock of Ameron Singapore Brazil Holdings Pte. Ltd. governed by the laws of Singapore, together with a legal opinion of Singapore counsel for the Parent Guarantor, each in form and substance reasonably satisfactory to the Required Holders.

4. **Effectiveness**. The foregoing amendments and consent shall be effective, subject to the accuracy of the above representations and warranties, when: (a) the holder of Notes shall have received (i) a fully executed and delivered counterpart of this letter agreement, (ii) a duly executed copy of the Third Amendment to Credit Agreement, dated as of the date of this letter agreement, by and among the Parent Guarantor and the other parties thereof, in the form of **Exhibit A** to this letter agreement; (b) none of the Parent Guarantor's other lenders shall have received any compensation for providing any consents, waivers, amendments or other modifications in connection with the amendments and consent effected by this letter agreement; and (c) Bingham McCutchen LLP shall have received, by wire transfer of immediately available funds, payment of all its unpaid legal fees and disbursements as of the date hereof.

5. **Counterparts.** This letter agreement may be executed in one or more counterparts by the undersigned holder of Notes, the Parent Guarantor and the Subsidiary Guarantors and all such counterparts shall be read together as a single instrument.

6. **Governing Law.** This letter agreement shall be governed and construed in accordance with the laws of the State of New York.

[Signature pages follow.]

Sincerely,

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Matt Douglass*
Name: Matt Douglass
Title: Vice President

Accepted and agreed to effective
the date first appearing above:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. V.P. CFO & Treasurer

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: E.V.P. & Chief Operating Officer

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERON COMPOSITES, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

Exhibit A

June 28, 2006

Ameron (PTE) Ltd.
Ameron International Corporation
Each Subsidiary Guarantor that is a
signatory hereto
c/o Ameron International Corporation
245 South Los Robles Avenue
Pasadena, California 91101-3638

Re: Note Purchase Agreement and Multiparty Guaranty, each dated as of November 25, 2005

Ladies and Gentlemen:

Reference is made to (i) the Note Purchase Agreement, dated as of November 25, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**"), by and between Ameron (PTE) Ltd., a private company incorporated under the laws of Singapore (the "**Company**" or "**Ameron Singapore**"), on the one hand, and the Purchasers named therein, on the other hand; and (ii) the Multiparty Guaranty, dated as of November 25, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "**Multiparty Guaranty**") by Ameron International Corporation, a Delaware corporation (the "**Parent Guarantor**" or "**Ameron**"), and each Subsidiary Guarantor in favor of the Beneficiaries. Capitalized terms not defined herein shall have the meanings given to such terms in the Multiparty Guaranty.

1. **Background.** The Parent Guarantor, the Company and certain of their affiliates party thereto as sellers (collectively, the "**Sellers**") propose to enter into a certain Asset Purchase Agreement, dated as of June 28, 2006 (the "**Purchase Agreement**"), with PPG Industries, Inc., a Pennsylvania corporation (the "**Buyer**"), whereby the Sellers will sell to the Buyer the Purchased Assets (as such term is defined in the Purchase Agreement) relating to the Sellers' coatings and finishes business for a sales price of approximately $115 million, and license to the Buyer certain intellectual property (the "**Coatings Asset Disposition**"). The Coatings Asset Disposition will not include the Excluded Assets (as such term is defined in the Purchase Agreement), which assets include, among others, certain real property of the Sellers identified as "Owned Property" on Schedule 2.2(j) of the Purchase Agreement (the "**Retained Real Property**"). The Sellers intend to dispose of the Retained Real Property in one or more separate transactions within one year of the date hereof (collectively, the "**Real Property Dispositions**").

2. **Limited Waivers and Authorization to Release Certain Liens**.

(a) Subject to the provisions of Section 5 hereof, the undersigned, constituting the Required Holders, hereby (i) waive (A) Section 13(g) of the Multiparty Guaranty to the extent such Section would be violated upon consummation of the Coatings Asset Disposition, and (B) any requirement of the Parent Guarantor and the Subsidiary Guarantors under the Multiparty Guaranty to (I) include any of the proceeds of the Coatings Asset Disposition and the Real Property Dispositions, or any one of them, in the calculation of the financial tests set forth in clause (x) and clause (y) of Section 13(b)(i) of the Multiparty Guaranty, or (II) deliver an Officer's Certificate describing the use of proceeds from such dispositions, as contemplated by Section 13(b)(ii) of the Multiparty Guaranty, and (ii) authorize the Collateral Agent, upon consummation of the Coatings Asset Disposition or any Real Property Disposition, to release any of its Liens in or upon the assets comprising such disposition, as the case may be; provided, however, that (i) such waiver and authorization to release Liens relating to the Coatings Asset Disposition shall only be effective so long as such disposition is effected within 90 days of the date hereof, and (ii) such waiver and authorization to release Liens relating to the Real Property Dispositions shall only be effective so long as, and to the extent that, the Real Property Dispositions are effected within 365 days of the date hereof; and provided, further, that such waiver and authorization to release Liens relating to either the Coatings Asset Disposition or the Real Property Dispositions shall only be effective if (i) no Default or Event Default exists immediately prior to the consummation of the Coatings Asset Disposition or the applicable Real Property Disposition, as applicable, and after giving effect to such disposition, and (ii) neither the Bank Lenders under the Credit Agreement nor the holders of the notes under each of the other note purchase agreements shall be entitled to receive any amendment or similar fee as consideration for entering into the applicable consent or waiver relating to the Coatings Asset Disposition or any Real Property Disposition, as the case may be, unless the foregoing creditors and the holders of Notes under the Agreement are each offered an amendment or similar fee in proportion to the unpaid principal amount owing to such creditor at such time.

(b) Subject to the provisions of Section 5 hereof, the undersigned, constituting the Required Holders, hereby waive any default that may have occurred under the Agreement in connection with the formation of certain Subsidiaries since November 25, 2005; provided, however, that such waiver shall only be effective so long as each relevant Note Party has fulfilled, no later than July 30, 2006, its obligations under Section 12(i) and Section 18 of the Multiparty Guaranty, as applicable, relating to the formation of such Subsidiaries.

(c) The limited waivers and authorization to release certain liens set forth in this letter agreement shall be limited precisely as written and shall not be deemed to be (i) an amendment, waiver, release or other modification of any other terms or conditions of any of the Note Documents or any other agreement or document related to the Note Documents, or (ii) a consent to any future amendment, consent, waiver, release or other modification. Except as expressly set forth in this letter agreement, each of the Note Documents and the other agreements and documents related to the Note Documents shall continue in full force and effect.

3. **Representations, Warranties and Covenants**. In order to induce the undersigned Required Holders to enter into this letter agreement,

(a) the Company hereby represents, warrants and covenants that (i) each of the representations and warranties set forth in Section 5 of the Agreement is true, correct and complete, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true, correct and complete as of such earlier date, and (ii) no Default or Event of Default is in existence; and

(b), the Parent Guarantor hereby represents, warrants and covenants that (i) each of the representations and warranties set forth in Section 9 of the Multiparty Guaranty is true, correct and complete, except to the extent such representations and warranties expressly relate to (A) an earlier date, in which case such representations and warranties are true, correct and complete as of such earlier date, and (B) the information set forth on Schedule 9(d) of the Multiparty Guaranty, in which case such representations and warranties are true, correct and complete with respect to the information set forth on the revised Schedule 9(d) attached hereto as Exhibit A, and (ii) no Default or Event of Default is in existence.

4. **Reaffirmation of Multiparty Guaranty**. Each of the Parent Guarantor and the Subsidiary Guarantors hereby consents to the modification effected in this letter agreement and the transactions contemplated hereby, reaffirms its obligations under the Multiparty Guaranty and its waivers, as set forth in the Multiparty Guaranty, of each and every one of the possible defenses to such obligations. In addition, each of the Parent Guarantor and the Subsidiary Guarantors reaffirms that its obligations under the Multiparty Guaranty are separate and distinct from the Company's obligations.

5. **Effectiveness**. The foregoing waiver shall be effective, subject to the accuracy of the above representations and warranties, when: (a) each of the undersigned shall have received (i) a fully executed and delivered counterpart of this letter agreement, (ii) evidence satisfactory to it that the Parent Guarantor and the Subsidiary Guarantors have entered into, or simultaneously herewith are entering into, a substantially similar consent or waiver with the requisite Bank Lenders under the Credit Agreement and the requisite holders of the notes under each of the other note purchase agreements, and none of the foregoing creditors shall be entitled to receive any amendment or similar fee as consideration for entering into the applicable consent or waiver; and (b) Bingham McCutchen LLP shall have received, by wire transfer of immediately available funds, payment of all its unpaid legal fees and disbursements as of the date hereof. This waiver may be executed in one or more counterparts by the undersigned, the Company, the Parent Guarantor and the Subsidiary Guarantors and all such counterparts shall be read together as a single instrument.

[Signature pages follow.]

Sincerely,

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: */s/ Matt Douglass*
Name: Matt Douglass
Title: Vice President

Accepted and agreed to effective
the date first appearing above:

The Company:

AMERON (PTE) LTD.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

The Parent Guarantor:

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*
Name: James R. McLaughlin
Title: Sr. V.P. CFO & Treasurer

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: E.V.P. & Chief Operating Officer

The Subsidiary Guarantors:

ISLAND READY-MIX CONCRETE, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

CENTRON INTERNATIONAL INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

AMERICAN PIPE AND CONSTRUCTION INTERNATIONAL

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

CONTRAD

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERCOAT CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BONDSTRAND CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

PSX CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

AMERON COMPOSITES, INC.

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President & Treasurer

BOLENCO CORPORATION

By: */s/ Gary Wagner*
Name: Gary Wagner
Title: Vice President

Exhibit A

Exhibit 4.4

January 29, 2009

Securities and Exchange Commission

100 F Street, NE

Washington, D.C. 20549

Re: Ameron International Corporation Annual Report on 10-K for the fiscal year ended

December 31, 2008 - File No. 001-09102

Dear Sirs:

Neither Ameron International Corporation (the "Company") nor any of its consolidated subsidiaries has outstanding any instrument with respect to its long-term debt, other than those filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, under which the total amount of securities authorized exceeds 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. In accordance with paragraph (b)(4)(iii) of Item 601 of Regulation S-K (17 CFR Sec. 229.601), the Company hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each instrument that defines the rights of holders of such long term debt not filed or incorporated by reference as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Very truly yours,

/s/ James R. McLaughlin
James R. McLaughlin
Senior Vice President, Chief Financial Officer & Treasurer

JRM:ly

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Parents

None.

Subsidiaries Consolidated	Jurisdiction of Incorporation	Percent of Stock Owned
American Pipe & Construction International	California	100
Ameron B.V.	the Netherlands	100
Ameron Malaysia Sdn. Bhd.	Malaysia	100
Ameron (Pte) Ltd.	Singapore	100
Ameron (UK) Limited	United Kingdom	100
Centron International, Inc.	Delaware	100
Island Ready-Mix Concrete, Inc.	Hawaii	100
Ameron Polyplaster Industria E Comercio Ltda ("Polyplaster")	Brazil	100
Ameron Brasil Industria E Comercio De Tubos Ltda ("Ameron Brazil")	Brazil	100
Tubos California Corporation	California	100
Tubos Y Activos, S. de R.L. de C.V.	Mexico	100
Subsidiaries Not Consolidated and Fifty-Percent or Less Owned Companies		
TAMCO	California	50
Bondstrand, Ltd.	Saudi Arabia	40
Ameron Saudi Arabia, Ltd.	Saudi Arabia	30

Names of other consolidated subsidiaries and subsidiaries not consolidated and fifty-percent or less owned companies are omitted because when considered in the aggregate as a single subsidiary they do not constitute a significant subsidiary.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-114534, No. 033-57308, No. 033-59697, No. 333-36497 and No. 333-61816) of Ameron International Corporation of our report dated January 29, 2009 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
January 29, 2009

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James S. Marlen, certify that:

1. I have reviewed this report on Form 10-K of Ameron International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and;

d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

January 29, 2009

/s/ James S. Marlen
James S. Marlen
Chairman & Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James R. McLaughlin, certify that:

1. I have reviewed this report on Form 10-K of Ameron International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and;

d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

January 29, 2009

/s/ James R. McLaughlin
James R. McLaughlin
Senior Vice President-Chief Financial Officer & Treasurer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002*

In connection with the report of Ameron International Corporation (the "Company") on Form 10-K for the fiscal year ended November 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James S. Marlen, Chairman and Chief Executive Officer of the Company and I, James R. McLaughlin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James S. Marlen
James S. Marlen
Chairman & Chief Executive Officer
January 29, 2009

/s/ James R. McLaughlin
James R. McLaughlin
Senior Vice President-Chief Financial Officer & Treasurer
January 29, 2009

* A signed original of this written statement required by Section 906 has been provided to Ameron International Corporation and will be retained by Ameron International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.