

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

inTEST Corporation
(Exact name of registrant as specified in its charter)

Delaware 3999 22-2370659
(State or other jurisdiction of (Primary Standard Industrial (I.R.S. Employer
incorporation or organization) Classification Code No.) Identification No.)

2 Pin Oak Lane, Cherry Hill, New Jersey 08003, (609) 424-6886
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

ALYN R. HOLT ROBERT E. MATTHIESSEN
Chairman and Chief Executive Officer President and Chief Operating Officer

inTEST Corporation
2 Pin Oak Lane, Cherry Hill, New Jersey 08003, (609) 424-6886
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Copies to:

CHARLES C. ZALL, ESQ.
Saul, Ewing, Remick & Saul
3800 Centre Square West
Philadelphia, Pennsylvania 19102
(215) 972-7777

BARRY M. ABELSON, ESQ.
Pepper, Hamilton & Scheetz LLP
3000 Two Logan Square
18th and Arch Streets
Philadelphia, Pennsylvania 19103
(215) 981-4000

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

If any of the securities being registered on this form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box. / /

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box. / /

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock	\$27,470,625	\$8,324

(1) Estimated solely for purposes of calculating the registration fee pursuant
to Rule 457(o) of Regulation C under the Securities Act of 1933, as amended.
Includes 341,250 shares that the Underwriters have the option to purchase
from the Selling Stockholders solely to cover over-allotments, if any.

The Registrant hereby amends this Registration Statement on such date or
dates as may be necessary to delay its effective date until the Registrant shall
file a further amendment which specifically states that this Registration
Statement shall thereafter become effective in accordance with Section 8(a) of
the Securities Act of 1933 or until the Registration Statement shall become
effective on such date as the Commission, acting pursuant to Section 8(a), may
determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SUBJECT TO COMPLETION, DATED MAY 2, 1997

2,275,000 Shares

[COMPANY LOGO]

Common Stock

Of the 2,275,000 shares of Common Stock offered hereby, 1,820,000 are being sold by inTEST Corporation ("inTEST" or the "Company") and 455,000 shares are being sold by certain stockholders of the Company (the "Selling Stockholders"). The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders."

Prior to the offering, there has been no public market for the Common Stock. It is currently estimated that the initial public offering price for the Common Stock will be between \$8.50 and \$10.50 per share. See "Underwriting" for information relating to the factors to be considered in determining the initial public offering price. The Company has applied to have the Common Stock approved for quotation on the Nasdaq National Market under the symbol "INTT."

Prospective investors should carefully consider "Risk Factors" beginning on page 5.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)	Proceeds to Selling Stockholders
Per Share	\$	\$	\$	\$
Total(3)	\$	\$	\$	\$

- (1) The Company and the Selling Stockholders have agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting estimated expenses of \$655,000 payable by the Company.
- (3) The Selling Stockholders have granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 341,250 additional shares of Common Stock solely to cover over-allotments. If this option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Selling Stockholders will be \$ _____, \$ _____ and \$ _____, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters named herein subject to prior sale, receipt and acceptance by them and subject to their right to reject orders in whole or in part. It is expected that the delivery of the certificates for such shares will be made on or about _____, 1997 at the office of Janney Montgomery Scott Inc., Philadelphia, Pennsylvania.

JANNEY MONTGOMERY SCOTT INC. NEEDHAM & COMPANY, INC.

The date of this Prospectus is _____, 1997

"inTEST," the Company's logo on the cover of this Prospectus and the "in2" logo are registered trademarks of inTEST Corporation. This Prospectus also contains trademarks of other companies.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus. Unless the context otherwise requires, all references herein to the "Company" or "inTEST" include inTEST Corporation ("inTEST CORP") and its subsidiaries. All information in this Prospectus assumes no exercise of the Underwriters' over-allotment option and gives effect to (i) a stock split in the form of a stock dividend in the amount of 0.5579 shares for every one share outstanding to be effected on the date of this Prospectus, (ii) the termination of the Company's status as an S corporation immediately prior to the offering and (iii) the issuance of an aggregate of 300,443 shares of Common Stock simultaneously with the closing of the offering in exchange for the minority interests in the Company's three foreign subsidiaries (the "Exchange"). See "The Company" and "S Corporation Distributions."

The Company

The Company is a leading independent designer, manufacturer and marketer of docking hardware and test head manipulators, which are used with automatic test equipment ("ATE") by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products including high performance test sockets, interface boards and probing assemblies. The Company's products are designed to improve the utilization and cost-effectiveness of ATE (including testers, wafer probers and device handlers) during the testing of linear, digital and mixed signal integrated circuits. Since inception in 1981, the Company has developed and continues to support over 4,600 products and has been granted 13 U.S. patents for its technology.

Testing is an integral and necessary step during the design and manufacture of wafers and packaged devices. Each integrated circuit is tested at least twice during the manufacturing process to ensure the functional and electrical performance of each circuit. The increasing worldwide demand for semiconductors in recent years has led to an increase in the demand for ATE. According to VLSI Research Inc., in 1996 semiconductor manufacturers spent an estimated \$3.7 billion on testers and \$1.3 billion on wafer probers and device handlers. The increasing complexity of wafers and packaged devices, as manifested by larger wafers, higher speeds, growing pin counts, smaller packaged devices and greater levels of integration has changed the design, architecture and complexity of ATE used during the testing of such devices and has resulted in an increased demand for the Company's products.

The Company's docking hardware products mechanically control the intimate interface between the test head's interface board and the prober's probing assembly or handler's test socket. Such docking hardware facilitates the quick, easy and safe changeover of test heads to probers or handlers, thereby allowing semiconductor manufacturers to achieve cost savings by (i) improving ATE utilization, (ii) improving the accuracy and integrity of test results and (iii) reducing the need to repair or replace expensive ATE interface products. The Company's docking hardware can be designed to be used with substantially all makes and models of test heads, probers and handlers, and can usually be designed to allow all ATE on a test floor to be mechanically "plug-compatible."

The Company's in2 free-standing, floating-head universal manipulators are designed to be used in either a dedicated or a flexible test environment and have been engineered to hold test heads in an effectively weightless state, and can be moved up or down, right or left, forward or backward and rotated around each axis (six degrees of motion freedom). Consequently, an operator using no more than 22 pounds of force can reposition a test head weighing up to approximately 900 pounds by grasping it in his or her hands and gently moving the test head into position to dock with a prober or handler.

The Company's largest customers include Lucent Technologies, Motorola, SGS Thomson and Texas Instruments among semiconductor manufacturers, and Credence Systems, LTX and Teradyne among ATE manufacturers. The Company designs, markets and supports its products globally both through Company account managers based in New Jersey, Texas, California, the U.K., Singapore and Japan and through independent sales representatives in the U.S. and abroad. The Company's executive offices are located in Cherry Hill, New Jersey. Manufacturing facilities are located in New Jersey and the U.K.

The Offering

Common Stock offered by the Company	1,820,000 shares
Common Stock offered by the Selling Stockholders .	455,000 shares
Total offering	2,275,000 shares
Common Stock to be outstanding after the offering .	5,911,034 shares(1)
Use of Proceeds	For working capital, general corporate purposes and possible acquisitions. See "Use of Proceeds."
Proposed Nasdaq National Market symbol	INTT

Summary Consolidated Financial Information (in thousands, except per share data)

	Years ended December 31,				
	1992	1993	1994	1995	1996
Consolidated Statement of Earnings Data:					
Revenues	\$ 6,512	\$ 8,875	\$ 9,287	\$14,442	\$18,582
Gross profit	3,254	5,415	5,510	9,251	11,827
Operating income	649	1,767	1,289	4,037	5,616
Earnings before income taxes and minority interest ...	\$ 605	\$ 1,782	\$ 1,326	\$ 4,070	\$ 5,717
Pro forma net earnings (2)					\$ 3,366
Pro forma net earnings per share (2)					\$ 0.82
Pro forma weighted average shares outstanding (1)(2) .					4,091

	Three months ended March 31,	
	1996	1997
Consolidated Statement of Earnings Data:		
Revenues	\$ 6,089	\$ 3,887
Gross profit	4,233	2,285
Operating income	2,694	1,007
Earnings before income taxes and minority interest ...	\$ 2,706	\$ 1,022
Pro forma net earnings (2)		\$ 537
Pro forma net earnings per share (2)		\$ 0.13
Pro forma weighted average shares outstanding (1)(2) .		4,091

March 31, 1997

	Actual	Pro forma (3)	Pro forma as adjusted (3)(4)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 2,983	\$ 2,983	\$18,408
Working capital	3,924	560	15,985
Total assets	7,492	9,115	24,540
Long term debt	148	148	148
Total stockholders' equity	4,154	2,640	18,065

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- (1) Includes 300,443 shares of Common Stock to be issued in the Exchange, and excludes 150,000 shares of Common Stock issuable upon exercise of stock options expected to be granted as of the date of this Prospectus at the initial public offering price, none of which options will then be exercisable. See "Management -- 1997 Stock Plan."
- (2) Assumes the termination of the Company's S corporation status effective January 1, 1996 and the completion of the Exchange on January 1, 1996, and as a result reflects the amortization of goodwill associated therewith and the absence of a charge for the minority interest. See Note 3 of Notes to Consolidated Financial Statements.
- (3) Reflects the acquisition of the minority interests in the Company's foreign subsidiaries pursuant to the Exchange, including goodwill arising from the Exchange, and the effects of the termination of the Company's S corporation status, including the distribution described under "S Corporation Distributions." See Note 3 of Notes to Consolidated Financial Statements.
- (4) Adjusted to reflect the sale by the Company of 1,820,000 shares of Common Stock offered hereby at an assumed initial public offering price of \$9.50 per share and the receipt of the estimated net proceeds therefrom (after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company). See "Use of Proceeds" and "Capitalization."

RISK FACTORS

An investment in the shares of Common Stock offered hereby involves a high degree of risk. Prospective investors should carefully consider the following risk factors in addition to the other information set forth in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Company. Prospective investors are cautioned that such statements are only predictions and that actual events or results may differ materially.

Dependence upon Semiconductor Industry. The Company's business is substantially dependent upon the level of activity and capital expenditures of semiconductor manufacturers. The semiconductor industry is highly cyclical and has from time to time experienced periods of excess capacity which often have had a severely detrimental effect on the industry's demand for ATE. There can be no assurance that the Company's business and results of operations will not be materially adversely affected by downturns in the semiconductor industry generally, or by downturns or changes in any one or more particular market segments of the semiconductor industry in which the Company participates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Fluctuations in Revenues and Operating Results. The Company's revenues and operating results have fluctuated and could in the future fluctuate significantly from period to period, including from one quarterly period to another, due to a combination of factors, including the cyclicity of the semiconductor industry, delays in the Company's shipments of products, the mix of products sold, the mix of customers and the regions of the world where sales are made in a particular period, the level of the Company's fixed costs, cancellation or rescheduling of orders by customers and competitive pricing pressures. In the fourth quarter of 1996, for example, the Company experienced an operating loss substantially as a result of reduced revenues. The Company believes such reduced revenues reflect the reduction by semiconductor manufacturers of commitments to purchase ATE products in the second and third quarters of 1996. The impact of these and other factors on the Company's revenues and operating results in any future period cannot be forecast with accuracy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Importance of Patents and Proprietary Rights; Risk of Litigation. The Company's success depends in significant part on its ability to obtain patent protection for its proprietary technologies and to preserve its trade secrets. The Company's U.S. issued patents will expire at various times beginning in 2002 and extending through 2015. There can be no assurance that additional patents will be issued on the Company's pending or future applications, or that any patents now or hereafter owned by the Company will afford protection against competitors that develop similar technology or products. There is no certainty that any patents issued to the Company will be held valid if subsequently challenged or subjected to reexamination or reissue, that others will not claim rights in the patents and other proprietary technology owned by the Company or that the Company's efforts to protect its proprietary rights will be successful generally or in any specific circumstance. There are no pending lawsuits or claims against the Company regarding infringement of any existing patents or other intellectual property rights of others.

The Company has notified one of its competitors that the Company believes the competitor's products infringe on one of the Company's U.S. patents. The competitor responded by alleging that certain claims of the patent are invalid based on an earlier issued U.S. patent. The Company, in order to strengthen its patent position, requested reexamination of its patent by the U.S. Patent and Trademark Office (the "PTO") over that earlier issued U.S. patent. The competitor thereafter also requested a reexamination of the patent. A reexamination provides the PTO with an opportunity to reevaluate the validity of the claims of a patent previously issued by the PTO. On April 7, 1997, the PTO issued an Office Action in Reexamination confirming five of the nine claims of the Company's patent, and rejecting four claims. On April 29, 1997, the Company's patent attorney presented to the Examiner in charge of the Reexamination a minor amendment to the claims. In response, the Examiner agreed that the proposed amendment appears to overcome the rejection of the four claims. Based on advice of its patent counsel, the Company believes that upon formal submission of the proposed amendment, all claims will be deemed patentable and the Commissioner of the PTO will issue a Certificate of Reexamination to that effect. Although there can be no assurance, the Company believes that the failure of the PTO ultimately to deem patentable some or all of the four claims rejected in the Office Action will not have a material adverse effect on the Company's business or results of operations. See "Business--Patents and Other Proprietary Rights."

Competition. The ATE industry is highly competitive. Many of the Company's competitors have greater financial resources and some have more extensive engineering, manufacturing, marketing and customer support capabilities than the Company. The Company's competitors include independent manufacturers of docking hardware, manipulators and related ATE interface products, designers and manufacturers of ATE and, to a lesser extent, semiconductor manufacturers' in-house ATE interface groups. The independent manufacturers of docking hardware and manipulators which compete with the Company include Reid-Ashman Manufacturing of the U.S., Microhandling of Germany and Shang Sheng of Taiwan. The manufacturers of ATE which compete with the Company in the sale of docking hardware and manipulators include Credence Systems, LTX, Schlumberger and Teradyne. The Company competes with numerous independent manufacturers of related ATE interface products. The Company principally competes on the basis of product performance and functionality, product reliability, customer service, applications support, price and timely product delivery. There can be no assurance that the Company's competitors will not develop competing products that will offer performance features that are superior to the Company's products. The Company believes that in order to remain competitive, it must continue to commit a significant portion of its personnel, financial resources, research and development and customer support in developing new products and in maintaining customer satisfaction worldwide. See "Business -- Competition."

Importance of Product Development. The market for ATE is subject to rapid technological change and new product introductions, as well as advancing industry standards. The development of increasingly complex semiconductors and the utilization of semiconductors in a broader spectrum of products have driven the need for more advanced ATE systems to test such devices at an acceptable cost. The demand for these new ATE systems provides both the opportunity and the need for the Company to develop additional products. There can be no assurance that the Company will be successful in developing, manufacturing or selling new products, that the introduction of such products will coincide with the development of new generations of semiconductors or that such products will satisfy customer needs or achieve market acceptance. The failure to provide customers with new products could have a material adverse effect on the Company's business and results of operations, as well as its customer relationships. See "Business -- Strategy" and " -- Products."

Acquisitions. Although the Company has not made an acquisition since 1985, a key element of its growth strategy is to acquire businesses, technologies or products that are complementary to those of the Company. There can be no assurance that the Company will be able to acquire and integrate successfully such businesses, technologies or products or that any financing which may be necessary for such acquisitions can be obtained on favorable terms or at all. Furthermore, the integration of an acquisition may cause a diversion of management's time and resources. Acquisitions by the Company could result in dilutive issuances of equity securities and additional debt and amortization expenses related to goodwill and intangible assets. In addition, gross profit margins of acquired products, necessary product or technology development expenditures and other factors related to any such acquisition could result in dilution to the Company's stockholders or have other material adverse effects on the Company's business and results of operations. The Company is not currently a party to any agreement or understanding with respect to any acquisition. See "Business -- Strategy."

International Sales and Operations. Approximately 37% and 43% of the Company's revenues were generated by the Company's three foreign subsidiaries, and approximately 5% and 19% of the Company's revenues were derived from sales by inTEST CORP to customers located outside the U.S., in the first quarter of 1997 and in 1996, respectively. The Company intends to expand its international presence and expects that international revenues will continue to represent a significant portion of its revenues. See "Business -- Strategy." Sales to customers outside the U.S. and operations in foreign countries are subject to risks in addition to those incident to domestic sales and operations, including the imposition of financial and operational governmental controls and regulatory restrictions, the need to comply with a wide variety of U.S. and foreign import and export laws, political and economic instability, trade restrictions, changes in tariffs and taxes, longer payment cycles and the greater difficulty of administering business abroad. There can be no assurance that any of these factors will not have a material adverse effect on the Company's business or results of operations. A significant portion of the Company's revenues is denominated in foreign currencies, and accordingly, the Company's business and results of operations may be affected by fluctuations in interest and currency exchange rates. Also, the laws of certain foreign countries may not protect the Company's intellectual property to the same extent as do the laws of the U.S. See "Business -- Markets and Customers" and Note 4 of Notes to Consolidated Financial Statements.

Customer Concentration. Although the Company's largest customers generally change from year to year, sales to the Company's top ten customers accounted for 70%, 73% and 69% of the Company's revenues in 1996, 1995 and 1994, respectively, and sales to one customer, Lucent Technologies, accounted for 16%, 16% and 7% in 1996, 1995 and 1994, respectively. The Company sells to its customers on a purchase order or other limited basis and not pursuant to long term contracts. There can be no assurance that the Company will be able to retain its largest customers or that such customers will not cancel or reschedule orders. The loss of a major customer or a reduction in orders by major customers, including reductions due to market or competitive conditions in the semiconductor industry, could have a material adverse effect on the Company's business and results of operations. See "Business -- Markets and Customers."

Dependence on Key Suppliers. The Company relies on third party suppliers, fabricators, finishers and manufacturers (collectively, "Suppliers") in the production of its products. Although the Company believes that all raw materials and component parts are currently available in adequate amounts, there can be no assurance that shortages will not develop in the future. Certain of the raw materials and component parts for the Company's docking hardware and manipulator products are purchased from single Suppliers, and certain of the Company's docking hardware and manipulator products are fabricated by single fabricators and finished by single finishers. The related ATE interface products sold by the Company are manufactured to the Company's specifications by third party fabricators, finishers and manufacturers, and certain of those products are purchased from single Suppliers. The Company does not have written agreements with such Suppliers. Although the Company believes there are alternative Suppliers for all such products, a termination or significant disruption of any of its existing supplier arrangements could have a material adverse effect on the Company's business and results of operations. See "Business -- Manufacturing and Supply."

Dependence on Key Personnel. The loss of any one or more of the key technical staff or managers of the Company could have a material adverse effect on the Company's business and results of operations. Due to the importance of long term relationships generally in Japan, the loss of any key employee of the Company's Japanese subsidiary could have similar adverse consequences on the Company's Japanese operations. From time to time, there is intense competition for qualified employees among companies in the ATE industry, academic institutions and other businesses. The Company does not have written employment agreements with any of its executive officers or other key employees, nor does the Company maintain key-person life insurance on any of its employees. There can be no assurance that the Company will be successful in hiring or retaining qualified personnel, and the inability to attract and motivate highly skilled employees could have a material adverse effect on the Company's business and results of operations. See "Business -- Strategy," " -- Employees" and "Management."

Control by Principal Stockholders. Upon completion of the offering, the Company's Chairman and Chief Executive Officer, Alyn R. Holt, and all of the executive officers and directors of the Company, collectively, will beneficially own approximately 31% and 50%, respectively, of the Common Stock (28% and 45%, respectively, if the over-allotment option is exercised in full). Existing management will hold sufficient voting power to enable it to continue to exert significant influence over the business and affairs of the Company for the foreseeable future. Such concentration of control of the Company may also have the effect of discouraging bids for the Common Stock at a premium over the market price and may have a material adverse effect on the market price of the Common Stock. See "Principal and Selling Stockholders."

Broad Management Discretion as to Use of Proceeds. The net proceeds of the offering will be used for working capital, general corporate purposes and possible acquisitions of businesses, technologies or products complementary to the Company's business. If the Company were to make any such acquisition, it might use a significant portion of the net proceeds in connection with such acquisition. The Company currently has no specific agreements or plans with respect to such acquisitions, and there can be no assurance the Company will consummate any acquisition. Accordingly, the Company's management will retain broad discretion as to the allocation of a significant portion of the net proceeds from the offering. See "Use of Proceeds" and "Business -- Strategy."

Anti-Takeover Protection. Certain provisions of the Company's Certificate of Incorporation and of Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of the Company. Such provisions could diminish the opportunities for a stockholder to participate in tender offers, including those at a premium over the market price of the Common Stock. Such provisions may also inhibit

increases in the market price of the Common Stock that could result from takeover attempts. In addition, the Board of Directors, without further stockholder approval, may issue Preferred Stock that could have the effect of delaying, deterring or preventing a change in control of the Company. The issuance of Preferred Stock could also have a material adverse effect on the voting power of the holders of Common Stock, including the loss of voting control to others. The Company has no present plans to issue any Preferred Stock. See "Description of Capital Stock -- Preferred Stock" and " -- Certain Corporate Provisions."

No Prior Public Market; Possible Volatility of Stock Price; Dilution. Prior to the offering, there has been no public market for the Common Stock, and there can be no assurance that an active public market for the Common Stock will develop or be sustained after the offering. The initial public offering price was determined through negotiations between the Company and the representatives of the Underwriters (the "Representatives") based on several factors and may not be indicative of the market price of the Common Stock after the offering. See "Underwriting." The trading price of the Company's Common Stock could be subject to wide fluctuations in response to quarterly variations in the Company's operating results, announcements of technological innovations or new products by the Company or its competitors, developments concerning patents or proprietary rights or other events or factors. The stock market has experienced extreme price and volume fluctuations which have particularly affected the market prices of many technology companies and small capitalization stocks in particular, and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions, may have an unfavorable effect on the market price of the Common Stock. Purchasers of the Common Stock offered hereby will experience immediate and substantial dilution in net tangible book value of the Common Stock. See "Dilution."

Shares Eligible for Future Sale. The sale of a substantial number of shares of Common Stock, or the perception that such sales could occur, could have a material adverse effect on prevailing market prices for the Common Stock. In addition, any such sale or such perception could make it more difficult for the Company to sell equity securities or equity-related securities in the future at a time and price that the Company deems appropriate. Upon consummation of the offering, the Company will have a total of 5,911,034 shares of Common Stock outstanding, of which the 2,275,000 shares offered hereby will be eligible for immediate sale in the public market without restriction, unless they are held by "affiliates" of the Company within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). The remaining 3,636,034 shares will be "restricted" securities within the meaning of Rule 144 under the Securities Act and will be eligible for public sale thereunder subject to volume limitations and other conditions of Rule 144, if applicable. As of the date of this Prospectus, the Company and the holders of all of its Common Stock have agreed that they will not sell any shares of Common Stock or related securities of the Company without the prior written consent of Janney Montgomery Scott Inc., for a period of 180 days from the date of this Prospectus. Upon expiration of such 180 day period, 297,841 of the currently outstanding restricted shares will be eligible for public sale under Rule 144 without any volume or other limitations. No prediction can be made as to the effect, if any, that future sales of Common Stock, or the availability of Common Stock for future sale, will have on the market price of the Common Stock from time to time or the Company's ability to raise capital through an offering of its equity securities. In addition, the Company plans to file a registration statement within 185 days of the date of this Prospectus to permit the sale of up to 500,000 shares of Common Stock which may be issued to employees in the future pursuant to the Company's 1997 Stock Plan. See "Management -- 1997 Stock Plan" and "Shares Eligible for Future Sale."

THE COMPANY

The Company was incorporated in New Jersey in 1981 and reincorporated in Delaware in April 1997. The Company has three foreign subsidiaries: inTEST Limited ("inTEST LTD"), a British corporation located in Thame, England, U.K.; inTEST Kabushiki Kaisha ("inTEST KK"), a Japanese corporation located in Kichijoji, Japan; and inTEST PTE, Limited ("inTEST PTE"), a Singapore corporation located in Singapore. The Company maintains its headquarters at 2 Pin Oak Lane, Cherry Hill, New Jersey 08003. The Company's telephone number is (609) 424-6886 and its Internet e-mail address is postmaster@intest.com.

The Company and the minority stockholders of each of the Company's foreign subsidiaries have agreed that simultaneous with the closing of the offering, the Company will acquire the minority interests in each of the three foreign subsidiaries by means of the Exchange, pursuant to which the Company will issue shares of its Common Stock in exchange for the shares of stock of each foreign subsidiary held by the minority stockholders. The agreed upon exchange ratio for the minority interests is based on the average percentage contribution of each subsidiary to the Company's consolidated earnings before interest and taxes for the three most recent years. Alyn R. Holt, the Company's Chairman and Chief Executive Officer, will receive a total of 48,487 shares of the Company's Common Stock in exchange for his shares of stock in the foreign subsidiaries. Mr. Holt is the only director, officer or stockholder of inTEST CORP who owns shares of common stock in any of the foreign subsidiaries. Each of the minority stockholders of the foreign subsidiaries, including Mr. Holt, will receive shares of the Company's Common Stock based upon the same exchange ratio. See "Principal and Selling Stockholders."

USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the Common Stock offered hereby (net of estimated underwriting discounts and commissions and offering expenses) will be approximately \$15.4 million, assuming an initial public offering price of \$9.50 per share. The Company will not receive any proceeds from the sale of shares of Common Stock by the Selling Stockholders.

The proceeds will be used for working capital, general corporate purposes and possible acquisitions of businesses, technologies or products complementary to the Company's business. A key element of the Company's growth strategy is to seek to acquire businesses, technologies or products involving one or more of the many ATE interface products related to its principal docking hardware and manipulator product lines. If the Company were to make any such acquisition, it might use a significant portion of the net proceeds or incur additional indebtedness in connection with such acquisition. At the present time the Company has no specific agreements or plans with respect to such acquisitions, and there can be no assurance the Company will consummate any acquisition. See "Business -- Strategy."

Pending use as set forth above, the Company intends to invest the proceeds in investment-grade, short term, interest-bearing securities or shares of investment companies investing primarily in such securities.

S CORPORATION DISTRIBUTIONS

Prior to the offering, the Company has been a corporation subject to taxation under Subchapter S of the Internal Revenue Code of 1986, as amended. As a result, the net earnings of the Company have been taxed, for Federal and certain New Jersey state income tax purposes, as income of the Company's stockholders, and the Company periodically paid dividends to its stockholders in amounts exceeding such stockholders' liabilities for taxes.

The Company will terminate its S corporation status prior to the sale of the Common Stock offered hereby (the "Termination Date") and distribute to its current stockholders a final amount representing the Company's previously taxed but undistributed S corporation earnings through the Termination Date. The amount of the final distribution would have been approximately \$3.4 million if the Termination Date had been March 31, 1997, but the amount distributed will include the Company's actual taxable income through the Termination Date, less distributions to stockholders during that time period. Purchasers of shares of Common Stock in the offering will not receive any portion of the S corporation distribution. The Company believes it will have, exclusive of the proceeds of the offering, cash and cash equivalents in excess of the amount necessary to pay the final S corporation distribution following the Termination Date.

DIVIDEND POLICY

The Company does not anticipate paying cash dividends in the foreseeable future, but intends to retain future earnings, if any, for reinvestment in the operation and expansion of the Company's business. Any determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

CAPITALIZATION

The following table sets forth (i) the capitalization of the Company at March 31, 1997, (ii) the pro forma capitalization at that date reflecting both the issuance of an aggregate of 300,443 shares of Common Stock in the Exchange and the termination of the Company's S corporation status and (iii) the capitalization as adjusted at that date to give effect to the pro forma adjustments described above, the sale of the 1,820,000 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of \$9.50 per share and the receipt of the estimated net proceeds therefrom. This table should be read in conjunction with the Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus.

	March 31, 1997		
	Actual	Pro forma	Pro forma as adjusted
Long term debt	\$ 148	\$ 148	\$ 148
Stockholders' equity:			
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	--	--	--
Common stock, \$0.01 par value; 20,000,000 shares authorized; 3,790,591 shares issued and outstanding actual, 4,091,034 shares issued and outstanding pro forma and 5,911,034 shares issued and outstanding pro forma as adjusted	38	41	59
Additional paid-in capital	689	2,544	17,951
Retained earnings	3,461	89	89
Foreign currency translation adjustment	(34)	(34)	(34)
Total stockholders' equity	4,154	2,640	18,065
Total capitalization	\$ 4,302	\$ 2,788	\$ 18,213

DILUTION

At March 31, 1997, the pro forma net tangible book value of the Company was \$1,073,000 or \$0.26 per share of Common Stock. Pro forma net tangible book value per share represents total assets less intangible assets, less total liabilities, divided by the number of shares of Common Stock outstanding at that date after giving effect to the Exchange. After giving effect to the receipt of the net proceeds from the sale of the 1,820,000 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of \$9.50 per share, and after deducting underwriting discounts and estimated offering expenses, the pro forma net tangible book value as of March 31, 1997 would have been \$16,498,000 or \$2.79 per share of Common Stock. This represents an immediate increase in net tangible book value of \$2.53 per share to existing stockholders and an immediate dilution of \$6.71 per share to new investors purchasing the shares of Common Stock offered hereby. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		\$ 9.50
Pro forma net tangible book value per share before the offering	\$ 0.26	
Increase per share attributable to new investors	2.53	

Pro forma net tangible book value per share after the offering		2.79

Dilution per share to new investors		\$ 6.71
		=====

The following table sets forth, as of March 31, 1997, and after giving effect to the Exchange and the offering, the difference between existing stockholders and new investors with respect to the number of shares of Common Stock purchased from the Company (but not those purchased from the Selling Stockholders), the total cash consideration paid and the average price per share.

	Shares Purchased		Cash Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	4,091,034	69.2%	\$ 1,173,000	6.3%	\$0.29
New investors	1,820,000	30.8	17,290,000	93.7	9.50
	-----	-----	-----	-----	-----
Total(1)	5,911,034	100.0%	\$18,463,000	100.0%	
	=====	=====	=====	=====	

(1) Sales by the Selling Stockholders in the offering will reduce the number of shares held by existing stockholders to 3,636,034 or 61.5% of the total number of shares of Common Stock outstanding after the offering (3,294,784 and 55.7% if the Underwriters' over-allotment option is exercised in full), and will increase the number of shares held by new investors to 2,275,000 or 38.5% of the total number of shares of Common Stock outstanding after the offering (2,616,250 and 44.3% if the Underwriters' over-allotment is exercised in full).

SELECTED CONSOLIDATED FINANCIAL DATA

The following table contains certain selected consolidated financial data of the Company and is qualified by the more detailed Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus. The consolidated statement of earnings data for the years ended December 31, 1992, 1993, 1994, 1995 and 1996 and the consolidated balance sheet data as of December 31, 1992, 1993, 1994, 1995 and 1996 have been derived from the Consolidated Financial Statements of the Company which have been audited by KPMG Peat Marwick LLP, independent certified public accountants, as indicated in their report included elsewhere in this Prospectus. The consolidated statement of earnings data for the three months ended March 31, 1996 and 1997 and the consolidated balance sheet data as of March 31, 1996 and 1997 are derived from unaudited financial statements. The unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for a fair presentation of the results of operations for such periods. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto and other financial information included elsewhere in this Prospectus.

	Years ended December 31,		
	1992	1993	1994
(in thousands, except per share data)			
Consolidated Statement of Earnings Data:			
Revenues	\$ 6,512	\$ 8,875	\$ 9,287
Cost of revenues	3,258	3,460	3,777
Gross profit	3,254	5,415	5,510
Operating expenses:			
Selling expense	1,027	1,466	1,491
Research and development expense	750	953	1,623
General and administrative expense	828	1,229	1,107
Total operating expenses	2,605	3,648	4,221
Operating income	649	1,767	1,289
Other income (expense):			
Interest income	23	20	22
Interest expense	(50)	(40)	(9)
Other	(17)	35	24
Total other income (expense)	(44)	15	37
Earnings before income taxes and minority interest ...	605	1,782	1,326
Income tax expense	103	254	382
Earnings before minority interest	502	1,528	944
Minority interest	(36)	(64)	(127)
Net earnings	\$ 466	\$ 1,464	\$ 817
Pro forma net earnings (1)			
Pro forma net earnings per share (1)			
Pro forma weighted average shares outstanding (1) ...			

	Years ended December 31,		Three months ended March 31,	
	1995	1996	1996	1997
(in thousands, except per share data)				
Consolidated Statement of Earnings Data:				
Revenues	\$ 14,442	\$ 18,582	\$ 6,089	\$ 3,887
Cost of revenues	5,191	6,755	1,856	1,602
Gross profit	9,251	11,827	4,233	2,285
Operating expenses:				
Selling expense	2,118	2,471	781	493
Research and development expense	1,930	1,928	394	374
General and administrative expense	1,166	1,812	364	411
Total operating expenses	5,214	6,211	1,539	1,278
Operating income	4,037	5,616	2,694	1,007
Other income (expense):				
Interest income	82	147	23	29
Interest expense	--	(11)	(5)	(4)
Other	(49)	(35)	(6)	(10)
Total other income (expense)	33	101	12	15
Earnings before income taxes and minority interest ...	4,070	5,717	2,706	1,022
Income tax expense	637	858	355	167
Earnings before minority interest	3,433	4,859	2,351	855
Minority interest	(181)	(213)	(94)	(11)
Net earnings	\$ 3,252	\$ 4,646	\$ 2,257	\$ 844
Pro forma net earnings (1)		\$ 3,366		\$ 537
Pro forma net earnings per share (1)		\$ 0.82		\$ 0.13
Pro forma weighted average shares outstanding (1) ...		4,091		4,091

	Years ended December 31,					Three months ended March 31, 1997	
	1992	1993	1994	1995	1996	Actual	Pro forma (2)
(in thousands)							
Consolidated Balance Sheet Data:							
Cash and cash equivalents	\$ 943	\$ 1,034	\$ 1,336	\$ 1,919	\$ 3,692	\$ 2,983	\$ 2,983
Working capital	1,526	2,546	2,944	4,201	4,377	3,924	560
Total assets	2,976	3,675	4,624	6,352	7,716	7,492	9,115
Long term debt	--	--	--	--	155	148	148
Total stockholders' equity	1,436	2,448	2,765	4,048	4,587	4,154	2,640

(1) Assumes the termination of the Company's S corporation status effective January 1, 1996 and the completion of the Exchange on January 1, 1996, and as a result reflects the amortization of goodwill associated therewith and the absence of a charge for the minority interest. See Note 3 of Notes to Consolidated Financial Statements.

(2) Reflects the acquisition of the minority interests in the Company's foreign subsidiaries pursuant to the Exchange, including goodwill arising from the Exchange, and the effects of the termination of the Company's S corporation status, including the distribution described under "S Corporation Distributions." See Note 3 of Notes to Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company was founded in 1981 to design and develop docking hardware, test head manipulators and related ATE interface products. In 1982, the Company introduced its first docking hardware and the in2 test head manipulator. The Company has designed more than 4,600 products since its inception, and believes that its products have been purchased by most major semiconductor manufacturers. A significant majority of the Company's revenues for the 15 months ended March 31, 1997 was derived from sales of its docking hardware and manipulator products, and the remainder was derived from sales of related ATE interface products.

The Company's revenues have fluctuated generally as a result of cyclicality in the semiconductor manufacturing industry. The Company believes that purchases of the Company's docking hardware and manipulators are typically made from its customers' capital expenditure budgets, while related ATE interface products, which must be replaced periodically, are typically made from its customers' operating budgets. When semiconductor manufacturing activity generally slowed during much of 1996, many semiconductor manufacturers reduced their capital expenditure budgets and, correspondingly, postponed or cancelled orders for ATE and related equipment. As a result, starting in the second quarter of 1996 through the fourth quarter of 1996, the Company's orders for and sales of docking hardware and manipulators declined substantially. During this same period, orders for and sales of related ATE interface products also declined, but to a lesser extent. Although the Company experienced increased orders for and sales of all of its products in the first quarter of 1997 compared to the fourth quarter of 1996, the Company's revenues were substantially below the record high revenues realized in the first quarter of 1996.

The Company sells to semiconductor manufacturers and ATE manufacturers either through inTEST account managers or through independent sales representatives. The mix of customers during any given period may affect the Company's gross margin due to the difference in accounting for sales discounts and commissions. Specifically, sales discounts, typical in sales by inTEST account managers to ATE manufacturers worldwide, are a direct reduction of revenue and have the effect of reducing gross margin. In contrast, trade discounts offered on sales to semiconductor manufacturers, while also a reduction in revenue, are generally lower than sales discounts to ATE manufacturers and accordingly have less impact on gross margin. Additionally, commissions paid to independent sales representatives on sales to semiconductor manufacturers in North America and Southeast Asia are charged to selling expense and do not affect gross margin. Consequently, the relative mix of customers for the Company's products and the region of the world where sales are made have affected and will affect the Company's gross margin and selling expense. Operating income, however, has not been materially affected by the foregoing factors, because commissions paid to independent sales representatives plus trade discounts on sales to semiconductor manufacturers are approximately equal to the sales discounts given on sales to ATE manufacturers. See "Business -- Sales and Distribution."

The Company believes that the ultimate destination of a significant majority of its products is outside the U.S. Approximately 37%, 43%, 49% and 54% of the Company's revenues for the three months ended March 31, 1997 and the years ended December 31, 1996, 1995 and 1994, respectively, were derived from sales by the Company's three foreign subsidiaries. Approximately 5%, 19%, 19% and 6% of the Company's revenues for the three months ended March 31, 1997 and the years ended December 31, 1996, 1995 and 1994, respectively, were derived from sales by inTEST CORP which were shipped to customer locations outside the U.S. Although the Company has exposure to foreign currency fluctuations as a result of its foreign operations, it believes its exposure to foreign currency fluctuations is not significant. Foreign currency transaction gains and losses were (\$31,000), (\$43,000) and \$25,000 in 1996, 1995 and 1994, respectively. The minority interest shown in the Company's Consolidated Financial Statements reflects the approximately 21% interest in each of the Company's three foreign subsidiaries which are to be acquired upon the closing of the offering pursuant to the Exchange.

Prior to the offering, the Company and its stockholders elected to be treated as an S corporation for Federal and New Jersey state income tax purposes. Accordingly, while the Company's Consolidated Financial Statements reflect income tax expense related to its foreign operations and certain state income taxes, they do not include a provision for Federal income tax expense. In connection with the offering, the Company will terminate

its S corporation status and will become subject to Federal and additional New Jersey state income taxes in future years. Management anticipates that the Company's prospective effective tax rate will approximate 40%, although this rate could fluctuate from period-to-period depending on the mix of domestic and foreign earnings, the availability of foreign tax credits and on other factors. The Company will also begin to provide for deferred income taxes in future periods, although no provision will be made for foreign earnings intended to be permanently invested abroad, which approximate \$1.0 million at March 31, 1997. The Company believes the effect of such additional taxes on the Company's liquidity will be more than offset by the elimination of the Company's practice, as an S corporation, of distributing dividends to its stockholders. Such dividends totaled 88%, 61% and 79% of the Company's net earnings in 1996, 1995 and 1994, respectively.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of the Company's revenues represented by certain line items of its Consolidated Statements of Earnings:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	40.7	35.9	36.4	30.5	41.2
Gross margin	59.3	64.1	63.6	69.5	58.8
Operating expenses:					
Selling expense	16.0	14.6	13.3	12.8	12.7
Research and development expense	17.5	13.4	10.4	6.5	9.6
General and administrative expense	11.9	8.1	9.7	6.0	10.6
Total operating expenses	45.4	36.1	33.4	25.3	32.9
Operating income	13.9	28.0	30.2	44.2	25.9
Other income	0.4	0.2	0.5	0.2	0.4
Earnings before income taxes and minority interest	14.3	28.2	30.7	44.4	26.3
Income tax expense	4.1	4.4	4.6	5.8	4.3
Minority interest	(1.4)	(1.3)	(1.1)	(1.5)	(0.3)
Net earnings	8.8%	22.5%	25.0%	37.1%	21.7%

Three Months Ended March 31, 1997 Compared to Three Months Ended March 31, 1996

Revenues. Revenues were \$3.9 million for the first quarter of 1997 compared to a record \$6.1 million for the same period in 1996, a decrease of \$2.2 million or 36%. The substantial fluctuation in revenues followed the cyclical nature of the semiconductor industry during the same periods. Revenues for the first quarter of 1996 reflected an increased level of capital expenditures in the semiconductor industry, which was followed by a general decline in such expenditures during much of the balance of 1996. Revenues for the first quarter of 1997, although down from the first quarter of 1996, indicate an increase in commitments for capital expenditures which began in the industry at the end of 1996. As a result, revenues for the first quarter of 1997 exceeded revenues for the fourth quarter of 1996 by 46% or \$1.2 million, and the Company's backlog increased from \$1.8 million at December 31, 1996 to \$2.3 million at March 31, 1997.

Gross Margin. Gross margin declined to 59% for the first quarter of 1997 from 70% for the same period in 1996. The decrease was principally attributable to the fact that sales to ATE manufacturers generated approximately one-third of the Company's revenues in the first quarter of 1997 compared to approximately one-fifth in the first quarter of 1996. The Company believes that this shift in customer mix is not indicative of a trend. The reduced gross margin also reflects higher incremental material costs, due to lower manufacturing levels, and higher fixed costs (principally rent, depreciation and salaries) for the first quarter of 1997 compared to the same period in 1996.

Selling Expense. Selling expense was \$0.5 million for the first quarter of 1997 compared to \$0.8 million for the same period in 1996, a decrease of \$0.3 million or 37%. The decrease was due principally to a decrease in commissions and other variable expenses associated with lower sales activity, as well as a lower percentage of revenues from commission sales to semiconductor manufacturers.

Research and Development Expense. Research and development expense was \$0.4 million for the first quarter of both 1997 and 1996. The primary component of research and development expense is compensation, which did not change materially for the first quarter of 1997 compared to the same period in 1996. Most of the Company's technical staff are engaged in both research and development and sales functions.

General and Administrative Expense. General and administrative expense was \$0.4 million for the first quarter of both 1997 and 1996. The primary component of general and administrative expense is compensation, which did not change materially for the first quarter of 1997 compared to the same period in 1996.

Income Tax Expense. As an S corporation, net earnings are taxed as income to the Company's stockholders for Federal income tax. However, income tax expense includes certain state income taxes and taxes imposed by foreign jurisdictions. Income tax expense decreased to \$0.2 million for the first quarter of 1997 from \$0.4 million for the same period in 1996, a decrease of \$0.2 million or 53%, primarily as a result of reduced operating income on lower revenues, offset by an increase in the Company's effective tax rate. The Company's effective tax rate was 16% for the first quarter of 1997 compared to 13% for the same period in 1996. The increase in the effective tax rate was caused primarily by a greater percentage of earnings before income taxes and minority interest being attributable to the Company's foreign subsidiaries.

1996 Compared to 1995

Revenues. Revenues were \$18.6 million for 1996 compared to \$14.4 million for 1995, an increase of \$4.2 million or 29%. The increase was due to the higher levels of shipments of the Company's products during the first nine months of 1996, which were based on orders placed by semiconductor manufacturers during late 1995 and early 1996. The Company did not increase sales prices significantly in 1996. The Company believes that more than half of the Company's increased revenues was from sales of products used in the testing of mixed signal devices, and the balance was from sales of products used in the testing of digital devices, such as microprocessors and microcontrollers, and numerous other devices used in the automotive, computer, telecommunications and other industries.

Gross Margin. Gross margin remained constant at 64% for both 1996 and 1995. The percentage of the Company's revenues derived from sales to ATE manufacturers increased by 8% in 1996 compared to 1995, which had the effect of reducing gross margin for 1996. The reduction in gross margin was offset by the improved absorption of fixed costs over the higher revenue base and reduced incremental material costs due to volume discounts received in the first two quarters of 1996.

Selling Expense. Selling expense was \$2.5 million for 1996 compared to \$2.1 million for 1995, an increase of \$0.4 million or 17%. The increase was attributable to increased variable costs associated with higher sales activity in 1996. Selling expense as a percentage of revenues decreased in 1996 compared to 1995 because of an increase in non-commission sales as a percentage of revenues. Salaries associated with sales activities were the same for 1996 as for 1995, as management elected not to expand its sales staff in anticipation of third and fourth quarter reductions in capital expenditures by semiconductor manufacturers.

Research and Development Expense. Research and development expense was \$1.9 million for both 1996 and 1995. Compensation expense incurred in research and development activities for 1996 increased \$0.2 million or 22% over 1995 due to an increase in staffing levels and associated costs. The increase was offset by a \$0.2 million or 45% decrease in amounts spent for materials.

General and Administrative Expense. General and administrative expense was \$1.8 million for 1996 compared to \$1.2 million for 1995, an increase of \$0.6 million or 55%. The majority of the increase was attributable to additional compensation and costs associated with newly hired staff in accounting, MIS and finance functions and salary increases of other administrative personnel.

Income Tax Expense. The Company's effective tax rate decreased slightly in 1996 to 15% compared to 16% for 1995 due principally to a decrease in the contribution of earnings before income taxes and minority interest from the Company's foreign subsidiaries.

1995 Compared to 1994

Revenues. Revenues were \$14.4 million for 1995 compared to \$9.3 million for 1994, an increase of \$5.1 million or 56%. The increase was due to the higher levels of shipments of the Company's products throughout 1995, reflecting increased demand as semiconductor manufacturers expanded manufacturing capacity in excess of historical rates. The increase in revenues was principally related to volume increases as the Company did not increase sales prices significantly in 1995. As in 1996, the Company believes the increase in revenues was attributable to increased sales of products used during the testing of complex integrated circuits.

Gross Margin. Gross margin was 64% for 1995 compared to 59% for 1994, an increase of 5%. The improvement in gross margin was primarily the result of lower incremental material costs due to increased purchasing volume, improved overhead absorption of fixed costs over the higher revenue base and a 10% reduction in the percentage of revenues derived from sales to ATE manufacturers.

Selling Expense. Selling expense was \$2.1 million for 1995 compared to \$1.5 million for 1994, an increase of \$0.6 million or 42%. The increase was attributable to increased variable costs associated with the increase in revenues for 1995 primarily including commissions on sales to semiconductor manufacturers by independent sales representatives which increased \$0.2 million or 53%. Salaries associated with sales activities also increased \$0.2 million or 56% due to the hiring of additional staff in 1995.

Research and Development Expense. Research and development expense was \$1.9 million for 1995 compared to \$1.6 million for 1994, an increase of \$0.3 million or 19%. Compensation expense incurred in research and development activities for 1995 increased \$0.1 million or 12% due primarily to salary increases. In addition, amounts spent for materials increased \$0.2 million or 63%.

General and Administrative Expense. General and administrative expense was \$1.2 million for 1995 compared to \$1.1 million for 1994, an increase of \$0.1 million or 5%, resulting primarily from increased professional expenses related to patent applications in Europe and Asia and consulting fees.

Income Tax Expense. The Company's effective tax rate declined significantly in 1995 to 16% compared to 29% for 1994. The decrease was a function of a significantly greater percentage of earnings before income tax and minority interest being attributable to the Company's domestic operations in 1995 (65%) compared to 1994 (26%).

Quarterly Results of Operations

The following tables present certain unaudited consolidated quarterly financial information for each of the nine quarters ended March 31, 1997. In the opinion of the Company's management, this quarterly information has been prepared on the same basis as the Consolidated Financial Statements set forth elsewhere in this Prospectus and includes all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information for the periods presented when read in conjunction with the Consolidated Financial Statements and Notes thereto. The results of operations for any quarter are not necessarily indicative of results for the full year or for any future period.

The Company's business is not seasonal, therefore year-over-year quarterly comparisons of the Company's results of operations may not be as meaningful as the sequential quarterly comparisons set forth below which tend to reflect the cyclical activity of the semiconductor industry as a whole. Quarterly fluctuations in expenses either are related directly to sales activity and volume, or tend to be a function of personnel costs and the timing of expenses incurred throughout a year. See "Risk Factors -- Fluctuations in Revenues and Operating Results."

Three months ended

	Mar. 31, 1995	June 30, 1995	Sept. 30, 1995	Dec. 31, 1995
(in thousands)				
Consolidated Statement of Earnings Data:				
Revenues	\$ 3,158	\$ 3,094	\$ 3,867	\$ 4,323
Cost of revenues	1,441	1,225	1,479	1,046
Gross profit	1,771	1,869	2,388	3,277
Operating expenses:				
Selling expense	313	411	576	818
Research and development expense	360	415	491	664
General and administrative expense	205	286	216	459
Total operating expenses	878	1,112	1,283	1,941
Operating income (loss)	839	757	1,105	1,336
Other income (expense)	15	35	(24)	7
Earnings (loss) before income taxes and minority interest	854	792	1,081	1,343
Income tax expense	208	181	109	139
Minority interest	(65)	(43)	(30)	(43)
Net earnings (loss)	\$ 581	\$ 568	\$ 942	\$ 1,161
As a Percentage of Revenues:				
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of revenues	45.6	39.6	38.2	24.2
Gross margin	54.4	60.4	61.8	75.8
Operating expenses:				
Selling expense	9.9	13.3	14.9	18.9
Research and development expense	11.4	13.4	12.7	15.4
General and administrative expense	6.5	9.2	5.6	10.6
Total operating expenses	27.8	35.9	33.2	44.9
Operating income (loss)	26.6	24.5	28.6	30.9
Other income (expense)	0.5	1.1	(0.6)	0.2
Earnings (loss) before income taxes and minority interest	27.1	25.6	28.0	31.1
Income tax expense	6.6	5.8	2.8	3.2
Minority interest	(2.1)	(1.4)	(0.8)	(1.0)
Net earnings (loss)	18.4%	18.4%	24.4%	26.9%

Three months ended

	Mar. 31, 1996	June 30, 1996	Sept. 30, 1996	Dec. 31, 1996	Mar. 31, 1997
(in thousands)					
Consolidated Statement of Earnings Data:					
Revenues	\$ 6,089	\$ 5,043	\$ 4,780	\$ 2,670	\$ 3,887
Cost of revenues	1,856	1,732	1,850	1,317	1,602
Gross profit	4,233	3,311	2,930	1,353	2,285
Operating expenses:					
Selling expense	781	555	586	549	493
Research and development expense	394	456	425	653	374
General and administrative expense	364	509	453	486	411
Total operating expenses	1,539	1,520	1,464	1,688	1,278
Operating income (loss)	2,694	1,791	1,466	(335)	1,007
Other income (expense)	12	20	39	30	15
Earnings (loss) before income taxes and minority interest	2,706	1,811	1,505	(305)	1,022
Income tax expense	355	290	180	33	167
Minority interest	(94)	(86)	(67)	34	(11)
Net earnings (loss)	\$ 2,257	\$ 1,435	\$ 1,258	(\$ 304)	\$ 844
As a Percentage of Revenues:					
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	30.5	34.3	38.7	49.3	41.2
Gross margin	69.5	65.7	61.3	50.7	58.8
Operating expenses:					
Selling expense	12.8	11.0	12.2	20.5	12.7
Research and development expense	6.5	9.0	8.9	24.5	9.6
General and administrative expense	6.0	10.1	9.5	18.2	10.6
Total operating expenses	25.3	30.1	30.6	63.2	32.9
Operating income (loss)	44.2	35.5	30.7	(12.5)	25.9
Other income (expense)	0.2	0.4	0.8	1.1	0.4
Earnings (loss) before income taxes and minority interest	44.4	35.9	31.5	(11.4)	26.3
Income tax expense	5.8	5.7	3.8	1.3	4.3
Minority interest	(1.5)	(1.7)	(1.4)	1.3	(0.3)
Net earnings (loss)	37.1%	28.5%	26.3%	(11.4%)	21.7%

Liquidity and Capital Resources

The Company has funded its working capital requirements principally through net cash provided by operations. As of March 31, 1997, the Company had \$3.0 million in cash and cash equivalents and \$3.9 million in working capital. Net cash provided by operations was \$0.3 million, \$5.5 million, \$2.7 million and \$1.0 million for the first quarter of 1997, and for the years ended December 31, 1996, 1995 and 1994, respectively, and principally consisted of net earnings.

Purchases of machinery, equipment and leasehold improvements in 1996 were \$0.6 million, including \$0.2 million to purchase a coordinate measuring machine for the Company's Cherry Hill, New Jersey facility. In 1996, the Company leased a 28,630 square foot office and manufacturing facility in Cherry Hill, New Jersey and spent approximately \$0.2 million on leasehold improvements and furniture costs to outfit this facility, which houses the Company's domestic manufacturing and customer operations and administrative functions. The Company also leased 3,077 square feet of office and manufacturing space in Singapore during 1996 and spent approximately \$0.2 million on leasehold improvements and furniture expenditures to outfit this facility, which houses the Company's Southeast Asian customer operations office and is anticipated to be utilized for additional manufacturing operations commencing in 1998.

The Company has a five-year \$0.2 million term loan, due in August 2001, and a \$1.5 million revolving line of credit with a commercial bank. The interest rate on the term loan is fixed at 8.65%, and the revolving line of credit bears interest at the bank's prime lending rate. The term loan is collateralized by liens on certain equipment and furnishings located at the Company's Cherry Hill, New Jersey facility. The revolving line of credit is collateralized by a pledge of certain assets of inTEST CORP. No amounts were outstanding under the line of credit as of March 31, 1997 or December 31, 1996. The Company does not have any capital lease obligations.

The Company believes that existing cash and cash equivalents, its available line of credit, anticipated net cash provided by operations and the net proceeds from the offering will be sufficient to meet the Company's cash requirements for the next 24 months. However, if the Company were to make any acquisitions, the Company may require additional equity or debt financing to meet working capital requirements or capital expenditure needs.

Although the Company has historically paid cash dividends to its stockholders, the Company does not anticipate that it will pay any dividends for the foreseeable future following the offering, except for the final S corporation distribution. See "S Corporation Distributions" and Note 3 of Notes to Consolidated Financial Statements. The Company intends to retain future earnings, if any, for reinvestment in the operation and expansion of the Company's business.

BUSINESS

The Company is a leading independent designer, manufacturer and marketer of docking hardware and test head manipulators, which are used with automatic test equipment ("ATE") by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products including high performance test sockets, interface boards and probing assemblies. The Company's products are designed to improve the utilization and cost-effectiveness of ATE (including testers, wafer probers and device handlers) during the testing of linear, digital and mixed signal integrated circuits. Since inception in 1981, the Company has developed and continues to support over 4,600 products and has been granted 13 U.S. patents for its technology.

The Company's largest customers include Lucent Technologies, Motorola, SGS Thomson and Texas Instruments among semiconductor manufacturers, and Credence Systems, LTX and Teradyne among ATE manufacturers. The Company designs, markets and supports its products globally both through Company account managers based in New Jersey, Texas, California, the U.K., Singapore and Japan and through independent sales representatives in the U.S. and abroad. The Company's executive offices are located in Cherry Hill, New Jersey. Manufacturing facilities are located in New Jersey and the U.K.

Industry Background

Testing is an integral and necessary step during the design and manufacture of wafers and packaged devices. The increasing worldwide demand for semiconductors in recent years has led to an increase in the demand for ATE. According to VLSI Research Inc., in 1996 semiconductor manufacturers spent an estimated \$3.7 billion on testers (the test head and mainframe cabinet) and \$1.3 billion on wafer probers and device handlers. The increasing complexity of wafers and packaged devices, as manifested by larger wafers, higher speeds, growing pin counts, smaller packaged devices and greater levels of integration has changed the design, architecture and complexity of ATE used during the testing of such devices.

Testers range in price from approximately \$0.5 million to over \$3.0 million each depending primarily on the complexity of the device to be tested and the number of test heads, typically one or two, with which each tester is configured. Probers and handlers range in price from approximately \$0.1 to \$0.3 million. A typical test floor of a large semiconductor manufacturer can have approximately 100 test heads and 100 probers or 250 handlers available for use at any one time. Given such a substantial investment, semiconductor manufacturers employ testing processes which seek to maximize ATE and floor space utilization.

Each integrated circuit is tested at least twice during the manufacturing process to ensure the functional and electrical performance of the circuits prior to shipment to the device user. After wafer fabrication, each circuit on a wafer is automatically positioned under a probing assembly by a prober where the individual circuits on the wafer are tested (the "front-end test"). After device packaging, devices are individually fed by the handler to an environmentally controlled test socket where the device is again tested (the "back-end test"). Manipulators facilitate the movement of a test head to a prober or handler, and "docking" describes the function of connecting a test head to a prober or handler with mechanically engineered hardware. The following chart illustrates the major steps in the semiconductor manufacturing process.

[Fig. 1: Schematic depiction of the fabrication of an integrated circuit using blocks to represent each major step of the process from raw wafer to finished device with special emphasis on "Wafer Test" and "Final Test."]

Until the early 1970s, testers were designed with the interface circuits (also referred to as pin electronics) mounted inside the tester's mainframe cabinet and connected the pin electronics to the prober's probing assembly or to the handler's test socket via an electrical cable, typically five to ten feet long. As devices became faster, more complex and more precise, signal distortion inherent with the use of such cables resulted in degraded test results. Although certain devices are still tested in this manner, such devices tend to be used in older, less technologically advanced applications.

During the 1970s, tester manufacturers responded by moving the pin electronics from the tester's mainframe cabinet to an independent test head, which could be directly mated with a prober or handler, thereby

eliminating the problems associated with using cables as the connection between the tester's pin electronics and the prober or handler. Direct mating of the test head pin electronics to the prober's probing assembly or to the handler's test socket was accomplished by mounting the test head directly to the prober or handler with a pivot-mechanism manipulator resembling a waffle iron. Such a combination resulted in the test head being "dedicated" to only one prober or one handler.

Dedicated manipulators are of greatest value in ATE systems in which the test head is infrequently disconnected and re-connected to and from one prober or handler to another prober or handler. Consequently, dedicated manipulators are used (i) primarily at front-end test, where large, homogeneous lots of wafers are tested for long, uninterrupted periods of time, and (ii) at back-end test, where high volume, commodity devices such as DRAMS are tested in large lots. However, back-end non-commodity devices, such as microcontrollers and telecommunications devices, generally are tested in smaller lots due to varying package types and test specifications, thereby requiring frequent handler changes.

In 1980, free-standing manipulators were introduced to minimize ATE downtime and increase device testing throughput. Such manipulators used hand-cranked lead screws to position a test head to a prober or handler. These early manipulators were only marginally better than the waffle-iron design and did not significantly improve ATE utilization due to the lack of motion freedom necessary for successful docking.

Users of these early manipulators attempted to precisely align fragile pin electronics to test sockets and probing assemblies without docking hardware. Lack of proper docking hardware often can cause deterioration and damage to the interface boards, test sockets or probing assemblies. Such damage can lead to compromised or inaccurate test results and the rejection of good wafers or devices (yield loss), or, more costly, the acceptance of unsatisfactory wafers or devices (quality error). In addition, successfully connecting a test head held by a free-standing manipulator to a prober or handler without docking hardware is difficult and time-consuming.

The Company's docking hardware and free-standing universal manipulators are designed to improve the utilization of ATE, particularly ATE employed in back-end non-commodity flexible testing environments, by facilitating the quick, easy and safe changeover of test heads to probers and handlers. The following chart illustrates a current, typical ATE system configuration.

[Fig. 2: Representation of an ATE test system showing a side-docking device handler and an in2 test head manipulator holding the test head in the undocked position. Test head and handler are shown equipped with inTEST docking hardware.]

The Company's docking hardware products mechanically control the intimate interface between the test head's interface board and the prober's probing assembly or handler's test socket. As a result, fragile interface boards, test sockets or probing assemblies are protected from damage during docking. The Company's docking hardware allows semiconductor manufacturers to achieve cost savings by (i) improving ATE utilization, (ii) improving the accuracy and integrity of test results and (iii) reducing the need to repair or replace expensive ATE interface products. The Company's docking hardware can be designed for use with substantially all makes and models of test heads, probers and handlers, and can usually be designed to allow all the ATE on a test floor to be mechanically plug-compatible. Plug-compatibility simplifies the docking procedures, allowing for increased flexibility and utilization of test heads, probers and handlers on a test floor.

The Company's free-standing universal manipulators are designed to be used in either a dedicated or a flexible test environment. In addition, the Company's manipulators have been engineered to hold test heads in what seeks to replicate a "zero gravity" free space. As a result, an operator using no more than 22 pounds of force can reposition the test head by grasping it in his or her hands and gently moving the test head into position to dock with a prober or handler. Test heads currently in use weigh up to approximately 900 pounds and measure up to a cubic yard in volume.

A test head held in the Company's free-standing universal manipulator and equipped with the Company's docking hardware can be easily, quickly and safely docked to any handler. After testing a particular production lot of devices, the test head can quickly and easily be disconnected and docked to another handler for testing either a subsequent lot of the same packaged device or to test a different device.

The continued development of more complex devices will require faster, higher pin count, and larger and heavier test heads. The Company believes that semiconductor manufacturers will continue to demand docking hardware and manipulators which exhibit corresponding design changes and improvements in utilization and functionality.

Strategy

The Company's goals are to supply the highest quality docking hardware, test head manipulators and related ATE interface products, and to provide the most cost effective ATE interface solutions to the semiconductor industry. The following elements, all of which are interrelated, form the basis of inTEST's strategy:

Capitalize on Experience and Expertise. Over the past 15 years, the Company has developed numerous generations of docking hardware and test head manipulators. The Company has designed, and continues to support, over 4,600 unique products and maintains over 5,100 computerized engineering drawings. Substantially all of the Company's products are customized to a customer's particular ATE system configuration. As a result, the Company has accumulated substantial technical design expertise, evidenced in part by having been granted 13 U.S. patents to date, with two U.S. patent applications pending. The Company's product development efforts are focused on the needs of semiconductor manufacturers and seek to establish the Company's docking hardware and manipulator products as the industry standard. For example, the Company is currently developing a new series of fully-automatic, microprocessor-controlled dedicated manipulators (the Test Head Hoist). These manipulators are primarily designed for front-end wafer and back-end commodity device testing, two market segments which the Company has not traditionally targeted.

Maintain Customer Relationships. As an independent provider of docking hardware and test head manipulators, the Company has cultivated and maintains close working relationships with nearly all major semiconductor and ATE manufacturers. The long term and interactive nature of such customer relationships provides the Company's account managers with hands-on knowledge of leading-edge test procedures, test room protocol, ATE systems and the economics of testing. The Company works with its customers in identifying ATE interface problems, defines and custom designs product solutions, installs the Company's products and provides post-installation follow-up and operational support. The Company believes that by maintaining such relationships, it will be able to respond quickly to new ATE interface applications. The Company believes that its direct access to a broad and diversified base of ATE system environments provides it with an important competitive advantage.

Expand International Presence. The Company intends to add manufacturing capabilities to its existing facility in Singapore in 1998 and to consider establishing operations in other key back-end markets such as China, Malaysia, the Philippines, Taiwan or Thailand. The Company believes that proximity to semiconductor manufacturers enables the Company to respond more quickly and accurately to its customers' needs. In addition, employing account managers native to such markets minimizes language and cultural barriers and provides market-specific technical and operational insight.

Pursue Complementary Acquisitions. The Company will seek to acquire businesses (domestic or foreign), technologies or products that are complementary to the Company's docking hardware and manipulator products, including related ATE interface products that must be replaced periodically and could result in additional recurring revenues. The Company is not currently a party to any agreement or understanding with respect to any acquisition, nor has it identified any specific acquisition targets. However, there are numerous companies which manufacture related ATE interface products that the Company believes could enhance its ability to provide its customers with the means to improve the efficiency and cost-effectiveness of semiconductor testing processes. The Company does not intend to expand its lines of docking hardware and manipulators by acquisition, nor to acquire tester, prober or handler manufacturers.

Products

The Company designs, manufactures and markets docking hardware and test head manipulators used by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products. The Company's products are designed to improve the utilization and cost-effectiveness of testers, wafer probers and device handlers. Substantially all of the Company's products are customized for use with particular ATE and, in the case of docking hardware, also to achieve plug-compatibility among particular combinations of ATE. The Company designs and manufactures a full line of docking hardware,

manipulators and related ATE interface products for use with more than 175 test heads, 30 probers and 300 handlers, all of which are mechanically unique makes and models. The Company has designed and continues to support more than 4,600 products, any of which can be manufactured upon request.

Docking Hardware and ATE Interface Products

The Company's docking hardware is designed for use with floating-head universal manipulators, which are used when maximum mobility and inter-changeability of handlers between test heads is required. The Company's docking hardware provides the mechanical control to safely connect, with near zero electrical length, the test interface board with either the probing assembly on a prober or the test socket on a handler. A simple cam action docks and locks the test head to the prober or handler so that the two become a single mechanism which prohibits motion of the test head relative to the prober or handler. This minimizes deterioration of the interface boards, test sockets and probing assemblies caused by the constant vibration characteristic of the operation of all probers and handlers. The Company's docking hardware allows an operator to manually align the probing assembly or test socket to within .005" with respect to the interface board on the test head.

[Fig. 3: Close-up of test head and handler from Fig. 2 showing details of inTEST docking hardware in the un-docked position.]

The Company offers six standard four-cam families and three standard three-cam families with load ratings of 200, 400 and 600 pounds. The Company's docking families are primarily distinguished from one another by the number of docking cams and guide pins, the load rating and the size of test head interface boards that can be used with each particular family of docking hardware. The Company's docking hardware products range in price from approximately \$2,000 to \$12,000.

The Company's docking hardware products are distinguished from those offered by ATE manufacturer competitors by the ability of the Company's products to make multiple competing brands of test heads plug-compatible with multiple brands of probers and handlers used by a semiconductor manufacturer by only changing interface boards. Creating such plug-compatibility requires detailed information about competing ATE that would generally not be available to a competing ATE manufacturer. Plug-compatibility permits non-commodity semiconductor manufacturers to reduce the changeover time required to un-dock a test head from one handler and dock it to another handler between production lots or when changing the device type being tested.

In addition, the Company designs and sells a variety of related ATE interface products including high performance test sockets, interface boards, probing assemblies and other products. The Company custom designs all docking hardware and related ATE interface products for the specific combinations of test heads and probers or handlers used by its customers.

Manipulator Products

in2 Test Head Positioner. The in2 Test Head Positioner ("in2") is a universal manipulator which can be designed to hold any test head. A universal manipulator enables the test head to be repositioned for alternate use with any one of several probers or handlers on a test floor. The in2 is distinguished from universal manipulators manufactured by competitors by its innovative, floating-head design. The design of the in2 allows a test head to be held in an effectively weightless state, moved up or down, right or left, forward or backward and rotated around each axis (six degrees of motion freedom) by an operator using no more than 22 pounds of force. Consequently, an operator can manually reposition the test head by grasping it in his or her hands and gently moving the test head into position to dock with the prober or handler. This same design feature allows the operator to dock the test interface board (which is used to connect the test head's pin electronics to the probing assembly on a prober or to the test socket on a handler) with near zero electrical length between the pin electronics and the probing assembly or the test socket, while protecting the fragile electrical contacts from inadvertent damage during the docking action.

The Company manufactures six styles of the in2, all of which are available in eight different load-rated sizes. The styles include one tumble mode style and five cable pivot style manipulators. Each style provides a distinct combination of performance characteristics suited to different customer applications. A tumble mode positioner might be specified for various reasons including test head form factor, compatibility with in-line auto-

mation, cable support simplicity or cost minimization. Reasons for specifying a cable pivot positioner could include providing improved handling characteristics necessary for larger test heads, the ability to handle test heads with short mainframe-to-test head cables or the necessity to position the test head close to the floor. In addition, the Company designs telescopic cable supports to be used with its cable pivot manipulators; these cable supports minimize bending and twisting stress to mainframe-to-test head cables, which can be delicate yet weigh several hundred pounds. The in2 ranges in price from approximately \$12,000 to \$100,000 depending upon load capacity, manipulator style and the type of cable management.

Test Head Hoist. In July 1996, the Company introduced a new, fully-automatic, electrically-powered and microprocessor-controlled dedicated manipulator called the Test Head Hoist ("THH"). The patented, overhead design of the THH series manipulator uses a powered scissor mechanism to raise and lower a test head to a prober or a top docking handler. This design enables a THH to dock very large test heads (weight tested to 1,000 pounds) within .005".

[Fig. 4: Illustration of Test Head Hoist with test head and prober shown from 3/4 front view.]

Although the Company has had no sales of the THH series manipulator to date, the Company believes that the THH series of manipulators will be attractive to semiconductor manufacturers for testing 300 mm wafers and packaged memory devices. The Company's THH is the only fully-automatic manipulator which enables a test head to be automatically docked to a prober or handler with the push of one button. The Company believes that the THH enables semiconductor manufacturers to increase floor space utilization of their ATE test systems by 25% to 40% over that achieved by waffle-iron style dedicated manipulators or universal manipulators because a THH series manipulator has a virtually zero "footprint." The Company does not expect significant sales of the THH manipulators before 1999.

Markets and Customers

The Company markets its products globally to semiconductor manufacturers and, to a lesser extent, ATE manufacturers on an OEM basis. The Company believes that it sells to most major semiconductor manufacturers in the world. The Company's docking hardware and universal manipulators are primarily used during back-end testing of non-commodity packaged devices. Such devices include linear, digital and mixed signal integrated circuits (such as microprocessors, digital signal processing chips, ASICs and non-commodity memory devices) and primarily have applications in the automotive, computer, consumer products and telecommunications industries.

The Company believes its sales of docking hardware and manipulators are a function of the general level of capital expenditures by semiconductor manufacturers. In addition, the Company's sales of docking hardware generally are driven by changes in device designs or test methods, industry-wide volume of device testing, sales of new handlers and, to a lesser extent, sales of new test heads. In the past, sales of the Company's docking hardware generally have been strong when spending for test heads was low. During such times, the Company believes that semiconductor manufacturers seek to improve the utilization, performance and efficiency of existing ATE by purchasing docking hardware. The Company's sales of manipulators generally follow purchases of test heads by the Company's semiconductor manufacturer customers. The Company believes its sales of related ATE interface products primarily depend upon operating expenditures of the Company's semiconductor manufacturer customers.

Both North American and European semiconductor manufacturers have located most of their back-end factories in Southeast Asia. The front-end wafer fabrication plants of U.S. semiconductor manufacturers are primarily in the U.S. Likewise, European, Taiwanese, South Korean and Japanese semiconductor manufacturers primarily have located their wafer fabs in their respective countries. The Company's sales to Japanese semiconductor manufacturers primarily consist of test sockets and interface boards. Sales of docking hardware and universal manipulators have been limited in Japan and South Korea because manufacturers in these countries emphasize mass-produced products such as memory devices and other commodity devices. Commodity devices are typically tested using dedicated manipulators rather than universal manipulators with docking hardware.

As part of the Company's strategy to be domiciled in its major markets, the Company established inTEST LTD in the U.K. in 1985, inTEST KK in Japan in 1987 and inTEST PTE in Singapore in 1990. inTEST LTD designs, manufactures and markets the Company's products principally in the European market. inTEST KK was established to be a liaison office with Japanese ATE manufacturers and to market inTEST products in Japan. In addition, inTEST KK initiated the Company's business of designing and marketing related ATE interface products. inTEST PTE designs, markets and provides technical support to customers in Southeast Asia, and it intends to commence manufacturing operations in Singapore in 1998.

The Company has maintained long term relationships with substantially all ATE manufacturers. The Company believes its relations with such manufacturers are good and have been additionally strengthened due to the fact that the Company does not compete with such manufacturers for testers, probers and handlers. The Company believes that maintaining such relationships is essential to its ability to provide plug-compatible ATE interface solutions.

The following semiconductor and ATE manufacturers have each purchased at least \$250,000 of the Company's products since the beginning of 1994:

Analog Devices	National Semiconductor
Credence Systems	NEC
Harris	Philips Electronics
Hewlett Packard	Schlumberger
Intel	SGS Thomson
LTX	Symbios Logic
Lucent Technologies	Teradyne
Matsushita	Texas Instruments
Microchip Technologies	Tokyo Electron
Motorola	Xilinx

The Company's largest customers include Lucent Technologies, Motorola, SGS Thomson and Texas Instruments among semiconductor manufacturers, and Credence Systems, LTX and Teradyne among ATE manufacturers. See "Risk Factors -- Customer Concentration."

Manufacturing and Supply

The Company's principal manufacturing operations consist of assembly and testing at its facilities in New Jersey and in the U.K. In 1998, the Company plans to commence similar operations in its Singapore facility. The Company believes that it is able to respond more quickly and accurately to its customers needs by maintaining manufacturing facilities and technical support in geographic markets where its semiconductor manufacturer customers are located.

The Company assembles its docking hardware, manipulator products and certain of its probing assemblies from a combination of standard components and fabricated custom parts which have been manufactured to the Company's specifications by third party manufacturers. The Company's related ATE interface products, such as test sockets, interface boards and other of its probing assemblies, are also manufactured to the Company's specifications by third party manufacturers. The Company's policy is to use the highest quality raw materials and components in its products. The primary raw materials used in fabricated parts are various grades of aluminum and steel, in interface boards are fiberglass and copper and in test sockets are plastic and copper, all of which are widely available. Substantially all components are purchased from multiple Suppliers. Certain raw materials and components are purchased from single Suppliers. However, the Company believes that all materials and components are available in adequate amounts from other sources. See "Risk Factors -- Dependence on Key Suppliers."

In New Jersey, the Company controls the quality of raw materials, fabricated parts and components by conducting incoming inspections using sophisticated measurement equipment, including a coordinate measuring machine, to ensure that products with critical dimensions meet the Company's specifications. In the U.K., the Company relies upon its Suppliers for inspecting the quality of fabricated parts. The Company intends to buy a

coordinate measuring machine for inTEST LTD by the end of 1997. The Company's policy is to inspect all products at various stages prior to shipment. The Company's inspection standards have been designed to comply with applicable MIL specifications and ANSI standards. The Company is preparing a quality manual to comply with such specifications and standards in anticipation of applying for ISO 9001 certification.

Sales and Distribution

In North America, the Company sells to semiconductor manufacturers principally through independent, commissioned sales representatives and to ATE manufacturers through Company account managers. North American sales representatives also coordinate product installation and support with the Company's technical staff and participate in trade shows. Technical support is provided to the Company's North American customers and independent sales representatives by Company employees based in Cherry Hill, New Jersey, Sunnyvale, California and Austin, Texas.

In Europe, the Company sells to semiconductor and ATE manufacturers through Company account managers, except in Belgium and Holland where the Company uses an independent sales representative. In Japan, the Company sells to semiconductor and ATE manufacturers through Company account managers. In China, Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand, the Company sells through independent sales representatives. International sales representatives are responsible for sales, installation, support and trade show participation in their geographic market areas.

Company account managers are responsible for a portfolio of customer accounts and for managing certain independent sales representatives. In addition, Company account managers are responsible for applications engineering, custom product design, pricing, quotations, proposals and transaction negotiations.

Competition

The Company's competitors include independent manufacturers of docking hardware, manipulators and related ATE interface products, designers and manufacturers of ATE and, to a lesser extent, semiconductor manufacturers' "in-house" ATE interface groups. The Company principally competes on the basis of product performance and functionality, product reliability, customer service, applications support, price and timely product delivery.

The independent manufacturers of docking hardware and manipulators which compete with the Company include Reid-Ashman Manufacturing of the U.S., Microhandling of Germany and Shang Sheng of Taiwan, each of which manufactures docking hardware and manipulators. The manufacturers of ATE which compete with the Company in the sale of docking hardware and universal manipulators include Credence Systems, LTX, Schlumberger and Teradyne. Such manufacturers of ATE may be both competitors and customers of the Company. In addition, in the sale of related ATE interface products there are approximately 20 manufacturers of interface boards, four manufacturers of high performance test sockets and eight manufacturers of probing assemblies. See "Risk Factors -- Competition."

Patents and Other Proprietary Rights

The Company currently holds 13 U.S. patents and 64 foreign patents and has pending two U.S. patent applications and more than 30 foreign applications that cover various aspects of its technology. The Company's policy is to protect its technology by filing patent applications for the technologies that the Company considers important to its business. The Company first filed for patent protection in the U.S. for its docking hardware and the in2 test head manipulator in 1982.

The Company also relies on trade secrets and unpatentable knowhow to protect its proprietary rights. It is the Company's policy to require, as a condition of permanent employment, that all employees of the Company agree to assign to the Company all rights to inventions or other discoveries relating to the Company business made while employed by the Company. In addition, all employees agree not to disclose any information regarding the Company which is private or confidential.

The Company has notified one of its competitors that the Company believes the competitor's products infringe on one of the Company's U.S. patents. The competitor responded by alleging that certain claims of the patent are invalid based on an earlier issued U.S. patent. The Company, in order to strengthen its patent position, requested reexamination of its patent by the U.S. Patent and Trademark Office (the "PTO") over that earlier issued U.S. patent. The competitor thereafter also requested a reexamination of the patent. A reexamination provides the PTO with an opportunity to reevaluate the validity of the claims of a patent previously issued by the PTO. On April 7, 1997, the PTO issued an Office Action in Reexamination confirming five of the nine claims of the Company's patent, and rejecting four claims. On April 29, 1997, the Company's patent attorney presented to the Examiner in charge of the Reexamination a minor amendment to the claims. In response, the Examiner agreed that the proposed amendment appears to overcome the rejection of the four claims. Based on advice of its patent counsel, the Company believes that upon formal submission of the proposed amendment, all claims will be deemed patentable and the Commissioner of the PTO will issue a Certificate of Reexamination to that effect. Although there can be no assurance, the Company believes that the failure of the PTO ultimately to deem patentable some or all of the four claims rejected in the Office Action will not have a material adverse effect on the Company's business or results of operations. See "Business--Patents and Other Proprietary Rights."

Computer Systems

The Company maintains an MIS system at each of its facilities. These systems are designed to (i) process all quotations, sales orders, work orders, and purchase orders; (ii) plan, control and allocate inventory; (iii) plan and schedule production; (iv) cost and price products; and (v) maintain accounting and financial records. The MIS systems provide a central database of price lists, product descriptions, applications data, design manuals and engineering documentation and are simultaneously accessible by all employees of the Company. In addition, the MIS systems prompt the actions of many of the employees of the Company, including designers, buyers and inspectors. The MIS systems, which are fully integrated, interactive and real-time, have been extensively customized by both Company employees and outside consultants. The MIS systems control the Company's inventory of approximately 12,000 fabricated parts, 6,000 purchased parts, 11,000 finished goods and 1,000 sub-assemblies.

The Company utilizes LAN-based CAD systems at each of its facilities. The CAD systems currently contain over 4,000 of the Company's 7,600 fabrication drawings and over 1,100 of the Company's 1,800 customer drawings of product applications, floor plans and operating procedures. All new designs and drawings are created in CAD and engineering changes are published as CAD drawings as the changes are adopted.

Backlog

At March 31, 1997, the Company's backlog of unfilled orders for all products was approximately \$2.3 million compared with approximately \$4.3 million at March 31, 1996. The Company's backlog includes customer purchase orders which have been accepted by the Company. Although backlog generally is shipped within 45 days, the backlog at March 31, 1996 was unusually high and was shipped over the next 70 days. The Company's backlog at March 31, 1997 represents shipments which are expected to be made in 40 to 45 days. While backlog is calculated on the basis of firm purchase orders, no assurance can be given that customers will purchase the Company's products subject to such orders. As a result, the Company's backlog at a particular date is not necessarily indicative of sales for any future period. See "Risk Factors -- Dependence upon Semiconductor Industry" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Employees

At March 31, 1997, the Company had 61 employees, including 26 in customer operations, 21 in manufacturing operations and 14 in administration. Substantially all of the Company's key employees are highly skilled and trained technical personnel, and new technical employees are required to attend an in-house training program. None of the Company's employees are represented by a labor union, and the Company has never experienced a work stoppage. The Company believes that its employee relations are excellent.

Facilities

The Company's headquarters are located in Cherry Hill, New Jersey in 28,630 square feet of office and manufacturing space leased pursuant to a seven-year lease which expires in 2003. The Company's facility in the

U.K. is located in Thame in 4,600 square feet of office and manufacturing space leased pursuant to an assumed, 20-year lease which expires in December 1997. The Company is currently negotiating renewal terms for this lease. In Singapore, the Company occupies 3,077 square feet of office and manufacturing space leased pursuant to a four-year lease which expires in 2000 subject to a two-year renewal option. In Kichijoji, Japan, the Company occupies approximately 1,200 square feet of office space pursuant to an agreement which is cancelable on reasonable notice by either party. In Sunnyvale, California, the Company occupies 1,900 square feet of office and warehouse space leased pursuant to a five-year lease which expires in 2001. The Company believes that its headquarters and other existing facilities are adequate to meet its current and foreseeable future needs.

MANAGEMENT

Executive Officers, Directors and Significant Employees

The executive officers and directors of the Company are as follows:

Name	Age	Position
Alyn R. Holt (1)	59	Chairman and Chief Executive Officer
Robert E. Matthiessen (1)(2)	52	President, Chief Operating Officer and Director
Daniel J. Graham (1)	51	Senior Vice President and Director
Hugh T. Regan, Jr.	37	Chief Financial Officer and Treasurer
Hugh T. Regan, Sr.	62	Secretary
Richard O. Endres (2)(3)	71	Director
Stuart F. Daniels, Ph.D. (2)(3)	56	Director

- (1) Member of the Executive Committee
- (2) Member of the Compensation Committee
- (3) Member of the Audit Committee

Other significant employees of the Company include:

Name	Age	Position
Jack R. Edmunds	56	Director of Operations, inTEST CORP
Brian R. Moore	60	Managing Director, inTEST LTD
Tomoyasu Ogura	47	Representative Director, inTEST KK
Cornelis Hol	59	Managing Director, inTEST PTE

Alyn R. Holt is a co-founder of the Company and has served as Chairman and Chief Executive Officer since the Company's inception in September 1981. Mr. Holt has over 35 years experience in the ATE industry, including various positions in general management, marketing management and engineering. From 1973 to 1980, Mr. Holt was Manager of the Measurement Systems Division of Siemens Corporation. From 1966 to 1973, he served in various capacities including Vice President of Marketing for Computest Corporation, a manufacturer of ATE for the computer industry. Mr. Holt is a co-inventor on several of the Company's patents. Mr. Holt holds an M.B.A. from California State University and a B.S. in Electrical Engineering from South Dakota State University.

Robert E. Matthiessen was elected President, Chief Operating Officer and a Director of the Company in February 1997. Prior to that, Mr. Matthiessen served as Executive Vice President since joining the Company in October 1984. He has over 25 years experience in the ATE industry, including various positions in general management, marketing management and engineering management. In 1982, Mr. Matthiessen co-founded a company engaged in the production of video products for training, advertising and sales, and served as its President from inception to 1984. From 1973 to 1981, he served in various engineering and marketing management positions with the Measurement Systems Division of Siemens Corporation. Mr. Matthiessen is a co-inventor on several of the Company's patents. He studied electrical engineering at Drexel University and business administration at Rutgers University.

Daniel J. Graham is a co-founder of the Company and has served as Senior Vice President and a Director of the Company since 1988. Prior to that, Mr. Graham served as Vice President of the Company since the Company's inception. Mr. Graham has expertise in integrated circuit test technology and operated his own software consulting firm from 1978 to 1992. He has over 25 years industrial experience involving the development of software and hardware systems for ATE. Mr. Graham is a past Chairman of the Test Technology Technical Committee of the Institute of Electrical and Electronic Engineers, Inc. (the "IEEE") Computer Society. He currently serves as General Vice Chair of the International Test Conference which is sponsored by the IEEE. He holds an M.S. in Computer and Information Science Engineering from the University of Pennsylvania and a B.S. with honors in Electrical Engineering from the Queen's University of Belfast, Northern Ireland.

Hugh T. Regan, Jr. has served as the Company's Chief Financial Officer and Treasurer since joining the Company in April 1996. From 1989 to 1995, Mr. Regan was the Vice President of Finance for Value Property Trust, a publicly traded real estate investment trust (the "Trust"). From 1995 until he joined the Company, Mr. Regan was the Chief Financial Officer of the Trust. Mr. Regan holds a B.S. in Accounting and Finance from Rider University and is a Certified Public Accountant.

Hugh T. Regan, Sr. has served as the Company's Secretary since 1982. Mr. Regan was Chief Financial Officer of the Company from 1982 to 1996. He has served as President of his accounting firm, Regan Accounting Services, since 1986. He has over 35 years of financial and general management experience in the computer, ATE and other industries. From 1979 to 1983, he was Executive Vice President and Chief Financial Officer of Emery Corporation, a home furnishings manufacturing company. From 1973 to 1979, he was Vice President of Finance and Chief Financial Officer of Clarke Corporation, a publicly traded building products manufacturing company. From 1966 to 1973, he was Controller for Computest Corporation, an early leader in ATE. Mr. Regan holds a B.S. in Business Administration and Accounting from LaSalle University.

Richard O. Endres has served as a Director of the Company since April 1982. He has served as President of VRA, Inc., which provides business planning and financial services for start-up companies, since 1976. Mr. Endres founded Computest Corporation in 1962 and served as its President from 1962 to 1973. Computest was sold to Siemens Corporation in 1973, at which time Mr. Endres became Group Vice President for Siemens until 1976. From 1948 to 1953, Mr. Endres was engaged in early transistor circuit development and computer memory research at RCA's David Sarnoff Research Center. Mr. Endres holds a B.S. in Electrical Engineering from Purdue University.

Stuart F. Daniels, Ph.D. is a co-founder of the Company and served as Vice President and a Director in 1982 and was reappointed as a Director in April 1997. In 1996, Dr. Daniels founded The Daniels Group, which is engaged in technology transfer and license consulting. From 1980 to 1995, Dr. Daniels held several management positions with Siemens Corporation. Dr. Daniels also co-founded Digital General Corp., an ATE company, in 1969. Dr. Daniels holds a Ph.D. in Electrical Engineering from Case Western Reserve University, an M.S. in Electrical Engineering from Case Institute of Technology and a B.S. in Electrical Engineering from the University of New Hampshire. He is also an adjunct of the Computer Information Science Department at the New Jersey Institute of Technology. Dr. Daniels holds two patents in ATE technology.

Jack R. Edmunds has served as Director of Operations since joining the Company in September 1987. He has over 20 years experience in the ATE industry, including various positions in operations management, marketing management, engineering and sales. From 1964 to 1975 he held numerous management positions in operations, engineering, marketing and sales with Computest Corporation. He studied business administration at Rutgers University.

Brian R. Moore has served as the Managing Director of inTEST LTD since February 1985. From 1982 to 1985, Mr. Moore was a managing partner in Anglo European Machinery Company, a manufacturer of test head manipulators and other specialty machines for the ATE industry, which was acquired by inTEST LTD in 1985. He has over 35 years experience in the ATE industry, including various positions in general management, engineering management, operations management, marketing and mechanical design. Mr. Moore is a co-inventor on several of the Company's patents. He studied mechanical engineering at High Wycombe Technical College in the U.K.

Tomoyasu Ogura has served as the Representative Director of inTEST KK since March 1990. Prior to that, Mr. Ogura was Marketing Manager of inTEST KK since May 1988. From 1981 to 1988, Mr. Ogura was the Technical Manager for a subsidiary of C. Itoh & Co., a trading company. He has over 20 years experience in the ATE industry in Japan, including various positions in general management, sales management, marketing, engineering and sales. Mr. Ogura holds a B.S. degree in Electrical Engineering from Kanagawa University, Yokohama.

Cornelis Hol has served as the Managing Director of inTEST PTE since its inception in April 1990 and as Director of inTEST KK since its inception in 1987. Mr. Hol is also Managing Director of C. Hol Business Development, a management consulting company he founded in 1986 with which the Company has a contract for the management of inTEST PTE. In addition, from 1993 to 1995, Mr. Hol was President of Intertrade

Scientific, Inc., a distributor of semiconductor production equipment ("ITS"), in the U.S. and Managing Director of ITS in Munich, Germany. He has over 15 years experience in the semiconductor industry in Southeast Asia, Japan, Europe and the U.S., including various positions in general management, sales and distribution management. From 1981 to 1986, Mr. Hol was Managing Director of MCT Asia, a manufacturer of device handlers. Mr. Hol holds a Marine Engineering degree from De Ruyter School, Flushing, Holland.

Hugh T. Regan, Jr. is Hugh T. Regan's son; there are no other family relationships between any of the directors or executive officers of the Company. Non-employee directors are paid a quarterly retainer of \$2,500, a fee of \$2,000 per board meeting and a fee of \$1,000 per committee meeting that falls on a day other than a board meeting. In addition, non-employee directors are reimbursed travel expenses and other costs associated with attending board or committee meetings. The Company does not pay additional cash compensation to officers of the Company for their service as directors of inTEST CORP. However, officers who serve as directors of the Company's foreign subsidiaries receive compensation as approved each year by such subsidiary's Board of Directors. The Company intends to hold at least four meetings of the Board of Directors per year. Directors are also eligible to participate in the Company's 1997 Stock Plan. See " -- 1997 Stock Plan" and " -- Executive Compensation."

Board Committees

The Board of Directors has three standing Committees: an Executive Committee, an Audit Committee and a Compensation Committee. The Executive Committee is responsible for those duties delegated to it by the Board of Directors. The Audit Committee reviews the results and scope of the audit and other services provided by the Company's independent auditors. The Compensation Committee makes recommendations concerning salaries and incentive compensation for employees of the Company and administers the Company's stock option and bonus plan. See " -- 1997 Stock Plan."

Executive Compensation

The following table sets forth certain information with respect to the compensation paid by the Company for services rendered during the years ended December 31, 1996, 1995 and 1994, to its Chairman and Chief Executive Officer and the other executive officers of the Company whose total annual salary and bonus exceeded \$100,000 during such period (each, a "Named Executive Officer").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			All other compensation
		Salary	Bonus	Other annual compensation	
Alyn R. Holt	1996	\$155,545	\$55,234	\$ 47,693(1)	\$ 145,851(2)
Chairman and Chief Executive Officer	1995	121,300	44,631	19,876(1)	86,557(2)
	1994	112,530	18,280	25,337(1)	20,250(2)
Robert E. Matthiessen	1996	\$ 97,020	\$ 6,750	\$ 13,578(3)	\$ 5,720(4)
President, Chief Operating Officer and Director	1995	92,620	--	14,095(3)	756(4)
	1994	89,217	--	21,567(3)	756(4)
Daniel J. Graham	1996	\$105,200	--	\$ 18,943(5)	\$ 35,539(6)
Senior Vice President and Director	1995	100,000	--	19,376(5)	45,795(6)
	1994	95,503	--	20,097(5)	17,116(6)
Hugh T. Regan, Sr. (7)	1996	\$113,635	--	--	\$ 27,628(8)
Secretary	1995	106,150	--	--	23,295(8)
	1994	95,550	--	--	15,650(8)

- (1) Includes: \$39,500 for the annual lease value of automobiles for Alyn R. and Connie E. Holt in 1996, and \$11,250 and \$10,250 for Mr. Holt in 1995 and 1994, respectively; \$6,793, \$7,426 and \$14,087 for group health insurance in 1996, 1995 and 1994, respectively.
- (2) Includes: \$3,046, \$2,724 and \$2,724 for premiums paid on life insurance for Mr. Holt in 1996, 1995 and 1994, respectively; \$4,486 matching contribution to Mr. Holt's 401(k) Plan account in 1996; and \$138,319, \$83,833 and \$17,526 for serving as a director of inTEST LTD and inTEST KK in 1996, 1995 and 1994, respectively.
- (3) Includes: \$8,750, \$7,750 and \$10,250 for the annual lease value of an automobile for Mr. Matthiessen in 1996, 1995 and 1994, respectively; \$4,828, \$5,345 and \$11,317 for group health insurance in 1996, 1995 and 1994, respectively.
- (4) Includes: \$1,184, \$756 and \$756 for premiums paid on life insurance for Mr. Matthiessen in 1996, 1995 and 1994, respectively; and \$4,536 matching contribution to Mr. Matthiessen's 401(k) Plan account in 1996.
- (5) Includes: \$10,750, \$10,750 and \$7,550 for the annual lease value of an automobile for Mr. Graham in 1996, 1995 and 1994, respectively; \$6,793, \$7,426 and \$11,317 for group health insurance in 1996, 1995 and 1994, respectively.
- (6) Includes: \$2,107, \$1,436 and \$1,466 for premiums paid on life insurance for Mr. Graham in 1996, 1995 and 1994, respectively; \$4,750 matching contribution to Mr. Graham's 401(k) Plan account in 1996; and \$28,682, \$44,359 and \$15,650 for serving as a director of inTEST LTD and inTEST KK in 1996, 1995 and 1994, respectively.
- (7) Mr. Regan served as the Company's Chief Financial Officer through April 1996.
- (8) Includes: \$785 for premiums paid on life insurance for Mr. Regan in 1996; \$1,920 matching contribution to Mr. Regan's 401(k) Plan account in 1996; and \$24,923, \$23,295 and \$15,650 for serving as a director of inTEST LTD in 1996, 1995 and 1994, respectively.

401(k) Plan

The inTEST Corporation 401(k) Savings Incentive Plan (the "401(k) Plan") became effective on January 1, 1996. All employees of inTEST CORP who are at least 18 years of age and have completed six months of service with the Company are eligible to participate in the 401(k) Plan. An eligible employee may elect to contribute up to 15% of his or her compensation each year instead of receiving that amount in cash, up to the legal limit (the limit for 1997 is \$9,500). The Company will match employee contributions up to 10% of an employee's compensation, not to exceed \$4,750. At the discretion of the Board of Directors, the Company may also match employee contributions up to an additional 5% of an employee's salary, not to exceed \$4,750 or, in aggregate, \$9,500 for a total matched contribution not to exceed 15% of an employee's compensation.

1997 Stock Plan

Pursuant to the inTEST Corporation 1997 Stock Plan (the "Plan" or the "1997 Stock Plan"), directors, key employees and consultants of the Company are eligible to receive awards of (i) options to purchase shares of Common Stock and (ii) shares of Common Stock. Options granted under the Plan may be "incentive stock options" ("ISOs"), within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options ("NQSOS"). Stock awards may be granted in addition to or in lieu of any other award granted under the Plan. The Company has authorized 500,000 shares of Common Stock for issuance upon exercise of options or stock awards under the Plan (subject to anti-dilution and similar adjustments).

The Plan consists of two parts: the Non-Qualified Plan and the Key Employee Plan. The Non-Qualified Plan is administered by the Board of Directors of the Company and the Key Employee Plan is administered by the Compensation Committee of the Board of Directors of the Company (the Board of Directors or the Compensation Committee, as the case may be, is referred to herein as the "Administrator").

Subject to the provisions of the Plan, the Administrator will determine the type of award, when and to whom awards will be granted, the number of shares covered by each award and the terms, provisions and kind of consideration payable, if any, with respect to awards to key employees and consultants. In determining the persons to whom awards shall be granted and the number of shares covered by each award, the Administrator shall take into account the duties of the respective persons, their present and potential contribution to the success of the Company and such other factors as the Administrator shall deem relevant. The Administrator may interpret the Plan and may at any time adopt such rules and regulations for the Plan as it deems advisable.

An option may be granted on such terms and conditions as the Administrator may approve. No option may be granted with an exercise period in excess of ten years from the date of grant. Generally, ISOs will be granted with an exercise price equal to the "Fair Market Value" (as defined in the Plan) on the date of grant; the exercise price of an NQSO will be determined by the Administrator. In the case of ISOs, certain limitations will apply with respect to the aggregate value of option shares which can become exercisable for the first time during any one calendar year, and certain additional limitations will apply to ISOs granted to persons who, at the time the option is granted, own more than 10% of the combined voting power of the Company. The Administrator may provide for the payment of the option price in cash, by delivery of Common Stock having a Fair Market Value equal to such option price, by a combination thereof or by any other method. Options granted under the Plan will become exercisable at such times and under such conditions as the Administrator shall determine, subject to acceleration of the exercisability of options in the event of, among other things, a "Change in Control" (as defined in the Plan).

All options to the extent not earlier exercised, expire on the earliest of (i) the last business day immediately preceding the tenth anniversary of the date of grant, (ii) one year following the optionee's termination of his or her employment or service with the Company (unless such termination is for cause, as defined in the Plan, in which case any options held by such optionee will terminate immediately) or (iii) a date set by the Administrator upon a finding that a change in the financial accounting treatment for the options would or may have a material adverse effect on the Company. In addition, in the event of a change of control, as defined in the Plan, the Administrator may take whatever actions with respect to outstanding options it deems necessary or advisable, including accelerating the expiration date of any such outstanding option to a date not earlier than thirty (30) days from the date notice of such acceleration is given to the respective optionee.

The Plan further provides for the granting of stock awards, which are awards of Common Stock which may be subject to restrictions on the sale or other disposition of such shares, except by will or the laws of descent and distribution, during such period of time as the Administrator determines. The Administrator may also impose such other conditions and restrictions, if any, on the shares as it deems appropriate, including, for example, the continued employment of the recipient.

The Board of Directors may at any time suspend, amend, modify or terminate the Plan provided that, with respect to the Key Employee Plan, any amendment which would change the eligibility of employees or a class of employees eligible to receive an option or to increase the maximum number of shares as to which options may be granted, will only be effective if such action is approved by the holders of a majority of the issued and outstanding shares of Common Stock. In addition, no change may be made which would adversely affect any award previously granted, except with the written consent of the grantee. No awards may be granted under the Plan more than ten years from the date the Plan was adopted.

As of the date of this Prospectus, the Administrator has granted options to purchase 150,000 shares of Common Stock to key employees pursuant to the Key Employee Plan. These options, which are ISOs, will become exercisable on a pro rata basis annually on the first through fifth anniversaries of the date of this Prospectus. Hugh T. Regan, Jr. will receive options to purchase 30,000 shares of Common Stock, and is the only executive officer or director of the Company to be granted options under the Plan to date.

Limitation of Liability and Indemnification

Pursuant to the provisions of the Delaware General Corporation Law ("DGCL"), the Company has adopted provisions in its Certificate of Incorporation which limit the personal liability of its directors to the Company or its stockholders for monetary damages for breach of their fiduciary duty as a director to the fullest extent permitted by the DGCL, and in its Bylaws which require the Company to indemnify its directors and officers to the fullest extent permitted by Delaware law. The Bylaws require the Company to indemnify an officer or director in connection with a proceeding (or part thereof) initiated by such officer or director only if the initiation of such proceeding by such person was authorized by the Board of Directors. The Company has applied for a directors' and officers' liability insurance policy.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Robert E. Matthiessen, Richard O. Endres and Stuart F. Daniels, Ph.D. Mr. Matthiessen is the President and Chief Operating Officer of the Company. Mr. Endres has never served as an officer or employee of the Company. Dr. Daniels was a co-founder of the Company and served as Vice President and Director in 1982. From 1982 until Dr. Daniels was re-elected to the Board of Directors in April 1997, his only relationship with the Company was as a stockholder. Prior to the offering, the Company did not have a Compensation Committee, and compensation decisions were made by the Board of Directors, which consisted of Messrs. Holt, Endres and Graham.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of March 31, 1997 and after giving effect to the sale of shares of Common Stock in the offering by (i) each Director or Named Executive Officer of the Company, (ii) each person known by the Company to own beneficially five percent or more of the Common Stock, (iii) each Selling Stockholder and (iv) all current executive officers and directors of the Company as a group.

Name of Beneficial Owner	Prior to Offering(1)		Shares Being Offered(2)	After Offering(1)(2)	
	Shares Beneficially Owned	Percentage Owned		Shares Beneficially Owned	Percentage Owned
Alyn R. Holt (3)(4)(5)	2,083,217	50.9%	232,550	1,850,667	31.3%
Richard O. Endres (3)(4)(6)	483,435	11.8	53,965	429,470	7.3
Daniel J. Graham (3)(4)	446,729	10.9	49,868	396,861	6.7
Deed of Trust f/b/o K.D. Holt (3)	261,727	6.4	29,216	232,511	3.9
Connie E. Holt	186,948	4.6	20,869	166,079	2.8
Robert E. Matthiessen (4)	160,364	3.9	17,901	142,463	2.4
Hugh T. Regan, Sr. (4)	129,098	3.2	14,411	114,687	1.9
Brian R. Moore (4)	93,219	2.3	10,406	82,813	1.4
Nils O. Ny (4)	70,106	1.7	7,826	62,280	1.1
Jack R. Edmunds (4)	67,459	1.6	7,530	59,929	1.0
John W. Lalley	53,905	1.3	6,017	47,888	*
Micronics Japan Company, Ltd. (7)	48,209	1.2	5,382	42,827	*
Julian P. Partington (4)	45,664	1.1	5,097	40,567	*
Tomoyasu Ogura (4)	43,388	1.1	4,843	38,545	*
Christopher L. West (4)	42,532	1.0	4,748	37,784	*
William R. Blatchley (4)	34,274	*	3,826	30,448	*
Ann L. Martz	23,369	*	2,609	20,760	*
Dale G. Holt	18,695	*	2,087	16,608	*
Jerome R. Bortnem (4)	15,579	*	1,739	13,840	*
Stuart F. Daniels, Ph.D. (4)	14,021	*	1,565	12,456	*
John J. Kotarski (4)	9,347	*	1,043	8,304	*
Tomio Wakamatsu (4)	3,214	*	359	2,855	*
Kenji Murayama (4)	3,214	*	359	2,855	*
All executive officers and directors as a group (7 persons)	3,316,864	81.1%	370,260	2,946,604	49.7%

* Denotes less than 1%.

- (1) Unless otherwise indicated below, the persons in the above table have sole voting and investment power with respect to all shares owned by them. Includes 300,443 shares of Common Stock issued in the Exchange. See "The Company."
- (2) If the Underwriters' over-allotment option is exercised in full, the Selling Stockholders will sell an aggregate of 341,250 shares, allocated among them in the same proportion as the relative number of shares being offered by each of them as set forth above.
- (3) The address of the stockholder is: c/o the Company, 2 Pin Oak Lane, Cherry Hill, New Jersey 08003.
- (4) The Selling Stockholder is, or was during the past three years, a director, officer or employee of the Company.
- (5) Does not include 261,727 shares held in trust for the benefit of Mr. Holt's child or 186,948 shares owned by Mr. Holt's spouse, Connie E. Holt. Mr. Holt disclaims beneficial ownership of the shares held in trust for his child and the shares owned by his spouse. Includes 48,487 shares acquired pursuant to the Exchange. See "The Company."
- (6) Includes 261,727 shares held in trust for the benefit of Mr. Holt's child for which Mr. Endres is trustee.
- (7) inTEST KK occupies its facility pursuant to an agreement with this Selling Stockholder.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock.

The following summary of certain provisions of the Common Stock and Preferred Stock does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Company's Certificate of Incorporation that are included as an exhibit to the Registration Statement of which this Prospectus is a part, and by the provisions of applicable law.

Common Stock

As of March 31, 1997, there were 3,790,591 shares of Common Stock outstanding that were held of record by 17 stockholders. Prior to the offering, the Company will issue an additional 300,443 shares of its Common Stock in exchange for the minority interests in the Company's three subsidiaries (the "Exchange"). Giving effect to the sale of the shares of Common Stock offered by the Company in the offering and the shares to be issued in the Exchange, there will be 5,911,034 shares of Common Stock outstanding immediately following the offering.

Holders of Common Stock are entitled to one vote per share, to receive dividends when and if declared by the Board of Directors and to share ratably in the assets of the Company legally available for distribution to its stockholders in the event of liquidation. Holders of Common Stock have no preemptive, subscription, redemption or conversion rights. All outstanding shares of Common Stock are, and the shares to be sold hereby will be, upon issuance and payment therefor, duly authorized, fully paid and nonassessable. The holders of Common Stock do not have cumulative voting rights. The holders of a majority of the shares of Common Stock can elect all the directors and can control the management and affairs of the Company. The rights, preferences and privileges of holders of Common Stock will be subject to the rights of the holders of any series of Preferred Stock that the Company may issue in the future.

Preferred Stock

The Company has an authorized class of undesignated Preferred Stock consisting of 5,000,000 shares. Preferred Stock may be issued in series from time to time with such designations, relative rights, priorities, preferences, qualifications, limitations and restrictions thereof, to the extent that such are not fixed in the Company's Certificate of Incorporation, as the Board of Directors determines. The rights, priorities, preferences, qualifications, limitations and restrictions of different series of Preferred Stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions and other matters. The Board of Directors may authorize the issuance of Preferred Stock which ranks senior to the Common Stock with respect to the payment of dividends and the distribution of assets on liquidation. In addition, the Board of Directors is authorized to fix the limitations and restrictions, if any, upon the payment of dividends on Common Stock to be effective while any shares of Preferred Stock are outstanding. The Board of Directors, without stockholder approval, can issue Preferred Stock with voting and conversion rights which could adversely affect the voting power of the holders of Common Stock. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change of control of the Company. Upon consummation of the offering, no shares of Preferred Stock will be outstanding. The Company has no present intention to issue shares of Preferred Stock.

Certain Corporate Provisions

The Company's Certificate of Incorporation and Bylaws contain a number of provisions relating to corporate governance and to the rights of stockholders. Certain of these provisions may be deemed to have a potential "anti-takeover" effect in that such provisions may delay, defer or prevent a change of control of the Company. These provisions include the authority of the Board of Directors to issue series of Preferred Stock with such voting rights and other powers as the Board of Directors may determine. See "Management -- Executive Officers, Directors and Significant Employees."

The Company is subject to the provisions of the DGCL. Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with affiliates, owns, or within three years did own, 15 percent or more of the corporation's voting stock.

Transfer Agent and Registrar

The transfer agent and registrar for the Company's Common Stock is The First National Bank of Boston.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the offering, there has been no public market for the Company's Common Stock. Future sales of substantial amounts of Common Stock in the public market could adversely affect the prevailing market prices.

Upon completion of the offering, there will be 5,911,034 shares of Common Stock of the Company outstanding, of which 3,338,078 will be "restricted securities" and may be publicly sold only if registered under the Securities Act or sold in accordance with an applicable exemption from registration, such as Rule 144.

In general, under Rule 144 as currently in effect, a stockholder, including an "affiliate" of the Company, as that term is defined in Rule 144 (an "Affiliate"), who has beneficially owned his or her restricted securities (as that term is defined in Rule 144) for at least one year from the later of the date such securities were acquired from the Company or (if applicable) the date they were acquired from an Affiliate, is entitled to sell, within any three-month period, a number of such shares that does not exceed the greater of one percent of the then outstanding shares of Common Stock (approximately 59,110 shares immediately after the offering) or the average weekly trading volume in the Common Stock during the four calendar weeks preceding the date on which notice of such sale was filed under Rule 144, provided certain requirements concerning availability of public information, manner of sale and notice of sale are satisfied. In addition, under Rule 144(k), if a period of at least two years has elapsed between the later of the date restricted securities were acquired from the Company and the date they were acquired from an Affiliate of the Company, a stockholder who is not an Affiliate of the Company at the time of sale and has not been an Affiliate for at least three months prior to the sale would be entitled to sell the shares immediately without compliance with the foregoing requirements under Rule 144.

As of the date of this Prospectus, the Company and each of its stockholders have agreed that they will not directly or indirectly, offer, sell, offer to sell, grant any option to purchase or otherwise sell or dispose (or approve any offer, sale, offer of sale, grant of any options to purchase or sale or disposition) of any shares of Common Stock or other capital stock of the Company, or any securities convertible into, or exercisable or exchangeable for, any shares of Common Stock or other capital stock of the Company without the prior written consent of Janney Montgomery Scott Inc., on behalf of the Underwriters, for a period of 180 days from the date of this Prospectus (the "Lock-up Agreements"). Beginning 180 days after the date of this Prospectus, approximately 297,841 shares of Common Stock will become eligible for resale without volume or other limitations pursuant to Rule 144.

An additional 500,000 shares of Common Stock in the aggregate are reserved for future issuance under the 1997 Stock Plan, and options to purchase a total of 150,000 shares are expected to be granted as of the date of this Prospectus. The Company intends to file a registration statement under the Act shortly after the effective date of the Registration Statement, of which this Prospectus forms a part, covering certain shares of Common Stock reserved for issuance under the 1997 Stock Plan. Upon the effectiveness of that Registration Statement, most of the shares of Common Stock which may be issued pursuant to the 1997 Stock Plan, other than shares held by Affiliates, will be immediately eligible for resale in the public market without restriction, subject to the terms of the Lock-up Agreements, if applicable. See "Management -- 1997 Stock Plan."

UNDERWRITING

The Underwriters named below, acting through their representatives, Janney Montgomery Scott Inc. and Needham & Company, Inc. have severally agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase a total of 1,820,000 shares of Common Stock from the Company and 455,000 shares of Common Stock from the Selling Stockholders. The number of shares of Common Stock that each Underwriter has agreed to purchase is set forth opposite its name below. The Underwriters are committed to purchase all of such shares if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased. The names of the several Underwriters and the respective number of shares to be purchased by each of them are as follows:

Underwriter	Number of Shares
Janney Montgomery Scott Inc.	
Needham & Company, Inc.	
Total	2,275,000 =====

The Company is obligated to sell, and the Underwriters are obligated to purchase, all of the shares of Common Stock offered hereby if any are purchased.

The Underwriters, through their Representatives, have advised the Company and the Selling Stockholders that they propose to offer the Common Stock initially at the public offering price set forth on the cover page of this Prospectus; that the Underwriters may allow to selected dealers a concession of \$ per share; and that such dealers may reallocate a concession of \$ per share to certain other dealers. After the initial public offering, the offering price and the concessions may be changed by the Representatives.

The Selling Stockholders have granted to the Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to 341,250 additional shares of Common Stock at the initial public offering price, less underwriting discounts and commissions, as set forth on the cover page of this Prospectus. The Underwriters may exercise such option solely for the purpose of covering over-allotments incurred in the sale of the shares of Common Stock offered hereby. To the extent such option to purchase is exercised, each Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares as the number set forth next to such Underwriter's name in the preceding table bears to 2,275,000.

The Company and the Selling Stockholders have agreed to indemnify the several Underwriters or contribute to losses arising out of certain liabilities, including liabilities under the Securities Act.

As of the date of this Prospectus, the Company, its officers and directors, and stockholders of the Company holding 3,636,034 shares of Common Stock upon completion of the offering, have agreed that they will not, directly or indirectly, offer, sell, offer to sell, grant any option to purchase or otherwise sell or dispose (or approve any offer, sale, offer of sale, grant of any options to purchase or sale or disposition) of any shares of Common Stock or other capital stock of the Company or any securities convertible into, or exercisable or exchangeable for, any shares of Common Stock or other capital stock of the Company without the prior written consent of Janney Montgomery Scott Inc., for a period of 180 days from the date of this Prospectus. See "Shares Eligible for Future Sale."

The Representatives have informed the Company that the Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Prior to the offering, there has been no public market for the Common Stock of the Company. Consequently, the initial public offering price will be determined through negotiations among the Company and the Representatives. Among the factors considered in making such determination are the prevailing market conditions, the Company's financial and operating history and condition, its prospects and the prospects for its industry in general, the management of the Company, and the market prices of securities for companies in businesses similar to that of the Company.

LEGAL MATTERS

The legality of the issuance of the shares of Common Stock being offered hereby will be passed upon for the Company and the Selling Stockholders by Saul, Ewing, Remick & Saul, Philadelphia, Pennsylvania. Certain legal matters in connection with patent law matters will be passed upon for the Company by Ratner & Prestia, Berwyn, Pennsylvania. Certain legal matters will be passed upon for the Underwriters by Pepper, Hamilton & Scheetz LLP, Philadelphia, Pennsylvania.

EXPERTS

The Consolidated Financial Statements of the Company as of December 31, 1996 and 1995 and for each of the years in the three-year period ended December 31, 1996, have been included herein and in the Registration Statement in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

Certain matters dealing with patents and proprietary rights set forth under "Risk Factors -- Importance of Patents and Proprietary Rights; Risk of Litigation," "Business -- Strategy -- Capitalize on Experience and Expertise" and "Business -- Patents and Other Proprietary Rights" have been included in this Prospectus in reliance upon the written opinion of Ratner & Prestia, Berwyn, Pennsylvania, patent counsel for the Company, as experts in such matters.

ADDITIONAL INFORMATION

The Company is not currently subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result of the offering, the Company will be required to file reports and other information with the Securities and Exchange Commission (the "Commission") pursuant to the informational requirements of the Exchange Act.

The Company has filed with the Commission a Registration Statement on Form S-1 under the Act with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. For further information, reference is made to the Registration Statement and exhibits thereto. The Registration Statement may be inspected without charge at the Office of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the Registration Statement may be obtained from the Commission at prescribed rates from the Public Reference Section of the Commission at such address, and at the Commission's regional offices located at 7 World Trade Center, Suite 1300, New York, New York 10048, and at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. In addition, registration statements and certain other filings made with the Commission through its Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system are publicly available through the Commission's site on the Internet's World Wide Web, located at <http://www.sec.gov>. The Registration Statement, including all exhibits thereto and amendments thereof, has been filed with the Commission through EDGAR.

The Company intends to furnish to its stockholders annual reports containing financial statements audited by an independent accounting firm.

inTEST CORPORATION
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When the transaction referred to in the first paragraph of Note 12 of the notes to consolidated financial statements has been consummated, we will be in a position to render the following report.

/s/ KPMG Peat Marwick LLP

Independent Auditors' Report

The Board of Directors and Stockholders
inTEST Corporation and Subsidiaries:

We have audited the accompanying consolidated balance sheets of inTEST Corporation and subsidiaries as of December 31, 1995 and 1996, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of inTEST Corporation and subsidiaries at December 31, 1995 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

Philadelphia, Pennsylvania
March 14, 1997, except for Note 12,
as to which the date is April 25, 1997

inTEST CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except for share data)

	December 31,		March 31, 1997	
	1995	1996	Actual (unaudited)	Pro forma (Note 3) (unaudited)
Current assets:				
Cash and cash equivalents	\$ 1,919	\$ 3,692	\$ 2,983	\$ 2,983
Trade accounts and notes receivable, net of allowance for doubtful accounts of \$42 at December 31, 1995 and \$88 at December 31, 1996 and March 31, 1997	2,992	1,953	2,495	2,495
Inventories	1,218	1,313	1,178	1,178
Deferred tax asset	--	--	--	56
Other current assets	11	70	167	167
Total current assets	6,140	7,028	6,823	6,879
Property and equipment:				
Machinery and equipment	633	1,096	1,082	1,082
Leasehold improvements	55	173	169	169
	688	1,269	1,251	1,251
Accumulated depreciation	(547)	(676)	(701)	(701)
Net property and equipment	141	593	550	550
Other assets	71	95	119	119
Goodwill (Note 3)	--	--	--	1,567
Total assets	\$ 6,352	\$ 7,716	\$ 7,492	\$ 9,115
Current liabilities:				
Current installments of long term debt	\$ --	\$ 34	\$ 34	\$ 34
Accounts payable	845	574	837	837
Dividends payable	--	973	1,216	1,216
Accrued wages and expenses	299	595	427	427
Customer deposits	191	--	--	--
State and foreign income taxes payable	604	475	385	385
S corporation distribution to stockholders (Note 3)	--	--	--	3,420
Total current liabilities	1,939	2,651	2,899	6,319
Long term debt	--	155	148	148
Deferred tax liability	--	--	--	8
Minority interest	365	323	291	--
Commitments (Note 8)				
Stockholders' equity:				
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	--	--	--	--
Common stock, \$0.01 par value; 20,000,000 shares authorized; 3,790,591 shares issued and outstanding at December 31, 1995 and 1996 and March 31, 1997; 4,091,034 shares issued and outstanding pro forma	38	38	38	41
Additional paid-in capital	689	689	689	2,544
Retained earnings	3,273	3,833	3,461	89
Foreign currency translation adjustment	48	27	(34)	(34)
Total stockholders' equity	4,048	4,587	4,154	2,640
Total liabilities and stockholders' equity	\$ 6,352	\$ 7,716	\$ 7,492	\$ 9,115

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings
(in thousands, except for per share data)

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996 (unaudited)	1997 (unaudited)
Revenues	\$ 9,287	\$ 14,442	\$ 18,582	\$ 6,089	\$ 3,887
Cost of revenues	3,777	5,191	6,755	1,856	1,602
Gross profit	5,510	9,251	11,827	4,233	2,285
Operating expenses:					
Selling expense	1,491	2,118	2,471	781	493
Research and development expense	1,623	1,930	1,928	394	374
General and administrative expense	1,107	1,166	1,812	364	411
Total operating expenses	4,221	5,214	6,211	1,539	1,278
Operating income	1,289	4,037	5,616	2,694	1,007
Other income (expense):					
Interest income	22	82	147	23	29
Interest expense	(9)	--	(11)	(5)	(4)
Other	24	(49)	(35)	(6)	(10)
	37	33	101	12	15
Earnings before income taxes and minority interest	1,326	4,070	5,717	2,706	1,022
Provision for income taxes:					
State	9	82	126	75	21
Foreign	373	555	732	280	146
Income tax expense	382	637	858	355	167
Earnings before minority interest	944	3,433	4,859	2,351	855
Minority interest	(127)	(181)	(213)	(94)	(11)
Net earnings	\$ 817	\$ 3,252	\$ 4,646	\$ 2,257	\$ 844
Pro forma information (unaudited) (Note 3):					
Pro forma earnings before income taxes	\$ --	\$ --	\$ 5,613	\$ --	\$ 996
Pro forma income taxes	--	--	2,247	--	459
Pro forma net earnings	--	--	3,366	--	537
Pro forma net earnings per share	\$ --	\$ --	\$ 0.82	\$ --	\$ 0.13
Pro forma weighted average shares outstanding	--	--	4,091	--	4,091

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity

(in thousands, except for share data)

	Common Stock		Additional paid-in capital
	Shares	Amount	
Balance, January 1, 1994	3,720,486	\$37	\$639
Dividends	--	--	--
Net earnings	--	--	--
Shares issued as compensation for services	7,789	--	5
Foreign currency translation adjustment	--	--	--
Balance, December 31, 1994	3,728,275	37	644
Dividends	--	--	--
Net earnings	--	--	--
Shares issued as compensation for services	62,316	1	45
Foreign currency translation adjustment	--	--	--
Balance, December 31, 1995	3,790,591	38	689
Dividends	--	--	--
Net earnings	--	--	--
Foreign currency translation adjustment	--	--	--
Balance, December 31, 1996	3,790,591	38	689
Dividends (unaudited)	--	--	--
Net earnings (unaudited)	--	--	--
Foreign currency translation adjustment (unaudited)	--	--	--
Balance, March 31, 1997 (unaudited)	3,790,591	\$38	\$689

	Retained earnings	Foreign currency translation adjustment	Total stock- holders' equity
Balance, January 1, 1994	\$ 1,821	\$ (49)	\$ 2,448
Dividends	(642)	--	(642)
Net earnings	817	--	817
Shares issued as compensation for services	--	--	5
Foreign currency translation adjustment	--	137	137
Balance, December 31, 1994	1,996	88	2,765
Dividends	(1,975)	--	(1,975)
Net earnings	3,252	--	3,252
Shares issued as compensation for services	--	--	46
Foreign currency translation adjustment	--	(40)	(40)
Balance, December 31, 1995	3,273	48	4,048
Dividends	(4,086)	--	(4,086)
Net earnings	4,646	--	4,646
Foreign currency translation adjustment	--	(21)	(21)
Balance, December 31, 1996	3,833	27	4,587
Dividends (unaudited)	(1,216)	--	(1,216)
Net earnings (unaudited)	844	--	844
Foreign currency translation adjustment (unaudited)	--	(61)	(61)
Balance, March 31, 1997 (unaudited)	\$ 3,461	\$ (34)	\$ 4,154

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands of dollars)

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
				(unaudited)	(unaudited)
Cash flows from operating activities:					
Net earnings.....	\$ 817	\$ 3,252	\$ 4,646	\$ 2,257	\$ 844
Adjustments to reconcile net earnings to net cash					
Depreciation and amortization	59	36	109	11	41
Foreign exchange (gain) loss	(25)	43	31	(3)	(3)
Minority interest	127	181	213	94	11
Stock issued for services received	5	46	--	--	--
Changes in assets and liabilities:					
Accounts receivable	(544)	(850)	1,182	(1,321)	(684)
Inventories	58	(284)	(66)	(80)	97
Other current assets	(4)	(46)	(61)	(56)	(123)
Notes receivable	(68)	(170)	(216)	100	42
Accounts payable	203	342	(235)	753	307
State and foreign income tax payable	249	261	(118)	(105)	(72)
Accrued expenses	54	35	50	204	(129)
Other assets	45	(101)	(65)	--	--
Total adjustments	159	(507)	824	(403)	(513)
Net cash provided by operations	976	2,745	5,470	1,854	331
Cash flows used in investing activities:					
Purchase of property and equipment	(38)	(39)	(554)	(13)	(5)
Net cash used in investing activities	(38)	(39)	(554)	(13)	(5)
Cash flows used in financing activities:					
Dividends paid	(642)	(1,976)	(3,339)	(186)	(1,001)
Proceeds from long term debt	--	--	200	--	--
Principal payments on debt	(71)	(8)	(11)	--	(8)
Net cash used in financing activities	(713)	(1,984)	(3,150)	(186)	(1,009)
Effects of exchange rates on cash	77	(139)	7	(6)	(26)
Net cash provided by all activities	302	583	1,773	1,649	(709)
Cash at beginning of period	1,034	1,336	1,919	1,919	3,692
Cash at end of period	\$ 1,336	\$ 1,919	\$ 3,692	\$ 3,568	\$ 2,983
Cash payments made for:					
State and foreign income taxes	\$ 122	\$ 374	\$ 977	\$ 471	\$ 241
Interest	13	9	11	5	4

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended
March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(1) Nature of Operations

inTEST Corporation ("the Company") designs, manufactures and markets docking hardware and test head manipulators used by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related automatic test equipment interface products. The Company operates in a single industry segment.

The consolidated entity is comprised of inTEST Corporation (parent) and three 79% owned foreign subsidiaries: inTEST Limited (Thame, U.K.), inTEST Kabushiki Kaisha (Kichijoji, Japan) and inTEST PTE, Limited (Singapore). All significant intercompany accounts and transactions have been eliminated upon consolidation.

inTEST manufactures its products in the U.S. and the U.K. Its subsidiaries in Singapore and Japan are engaged in marketing and support activities.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Short term investments, which have maturities of three months or less when purchased, are considered to be cash equivalents and are carried at cost, which approximates market value.

Notes Receivable

Notes receivable are due from trade customers, and have original maturities of less than three months. The notes are non-interest bearing.

Inventories

Inventories are stated at lower of cost or market. Cost is determined under the first-in first-out (FIFO) method.

Property and Equipment

Machinery and equipment are stated at cost. Depreciation is based upon the estimated useful life of the assets using the straight line method. The estimated useful lives range from five to seven years. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or estimated useful life of the asset. Expenditures for maintenance and repairs are charged to operations as incurred.

Income Taxes

The Company has elected S corporation status for Federal tax purposes, and in the State of New Jersey. As a result, any Federal and certain New Jersey state income tax liabilities are that of the stockholders, not of the Company. The Company is, however, taxed in foreign countries and for activity in certain states.

No foreign or state deferred income taxes have been recorded in the Company's historical financial statements at December 31, 1995 and 1996 as such amounts are not significant.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended
March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(2) Summary of Significant Accounting Policies -- (Continued)

Revenue Recognition

Revenues from sales of products are recognized upon shipment to customers.

Research and Development

Research and development costs are expensed as incurred.

Product Warranties

The Company generally provides product warranties and records estimated warranty expense at time of sale based upon historical claims experience.

Foreign Currency

The accounts of the foreign subsidiaries are translated in accordance with Statement of Financial Accounting Standard No. 52, Foreign Currency Translation, which requires that assets and liabilities of international operations be translated using the exchange rate in effect at the balance sheet date. The results of operations are translated using an average exchange rate for the year. The effects of rate fluctuations in translating assets and liabilities of international operations into U.S. dollars are accumulated and reflected as a foreign currency translation adjustment in the statements of stockholders' equity. Transaction gains and losses are included in net earnings.

Recently Adopted Accounting Standards

The Company adopted the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, on January 1, 1996. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Adoption of this Statement had no impact on the Company's financial position, results of operations, or liquidity.

(3) Pro forma Information (Unaudited)

Background

In connection with the initial public offering transaction described in Note 12, the Company plans to terminate its S corporation status and make a final distribution of previously taxed earnings to its stockholders. In addition, the Company intends to acquire the minority interest ownership position in its three foreign subsidiaries in a share exchange transaction. Accordingly, the accompanying financial statements include certain pro forma information which gives effect to these events as further explained below.

Pro forma Balance Sheet

The pro forma balance sheet of the Company as of March 31, 1997 reflects:

- a) the estimated net deferred income taxes of \$48 which will be recorded by the Company as a result of the termination of its S corporation status shortly before the closing of the offering.
- b) an estimated distribution of \$3,420 payable to the stockholders of all taxed but undistributed S corporation earnings.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended
March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(3) Pro forma Information (Unaudited) -- (Continued)

c) the acquisition of the minority interests in the Company's foreign subsidiaries expected to occur concurrent with the closing of the offering, and the estimated goodwill of \$1,567 associated with such acquisitions.

The Company expects to issue 300,443 shares of common stock in exchange for the 21% interest in each of its foreign subsidiaries which is not presently owned by the Company. The shares, exclusive of those to be issued to the Company's principal stockholder who is also a stockholder of two of the foreign subsidiaries, have been valued at the assumed initial public offering price of \$9.50 per share to the extent such shares are freely transferable. Approximately 225,000 of the shares being exchanged are subject to contractual and legal restrictions on transfer and have been valued at a 25% discount to the assumed initial public offering price.

The deferred income tax asset will represent the tax effect of the cumulative differences between the financial reporting and income tax bases of certain assets and liabilities as of the termination of the S corporation status.

The significant items comprising the Company's pro forma net deferred income tax assets and liabilities as of March 31, 1997 are as follows:

Allowance for bad debts	\$ 32
Inventory capitalized costs	2
Accrued expenses	22

Total net current assets	56
Fixed assets	(8)

Net deferred tax asset	\$ 48
	=====

Since the Company does not intend to repatriate the earnings of its foreign subsidiaries, no deferred taxes have been recorded on such amounts, which approximate \$975 at March 31, 1997.

Pro forma Statement of Earnings Information

Shortly before the closing of the offering, the Company will terminate its status as an S corporation and will be subject to Federal and additional state income taxes thereafter. Accordingly, for informational purposes, the statement of earnings for the year ended December 31, 1996 and the quarter ended March 31, 1997 reflects pro forma earnings on an after-tax basis, assuming the Company had been taxed as a C corporation. The difference between the Federal statutory income tax rate and the pro forma income tax rate was as follows:

	Year ended December 31, 1996	Three months ended March 31, 1997
	-----	-----
Federal statutory tax rate	34%	34%
State income taxes, net of Federal benefit	3	3
Foreign income taxes	3	7
Nondeductible goodwill amortization	1	1
Research credits	(1)	--
Other	--	1
	-----	-----
Pro forma income tax rate	40%	46%
	=====	=====

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(3) Pro forma Information (Unaudited) -- (Continued)

In addition, the unaudited pro forma results for the year ended December 31, 1996 and the quarter ended March 31, 1997 also reflect goodwill amortization resulting from the acquisition of minority interests in foreign subsidiaries, net of the elimination of the minority interest charge reflected in the historical financial statements, as if the acquisition had occurred on January 1, 1996. The goodwill resulting from the acquisition is assumed to be amortized over 15 years.

Pro forma Earnings Per Share

Pro forma earnings per share was calculated by dividing pro forma net earnings by the weighted average number of shares of common stock outstanding during the period, adjusted to give effect to shares to be exchanged to acquire the minority interests in foreign subsidiaries as if this transaction had occurred on January 1, 1996.

(4) Foreign Operations

The Company operates in a single business segment. However, foreign operations represent a significant portion of the Company's activity. The following is a summary of operations by entities located within the indicated geographic areas:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Sales to unaffiliated customers from:					
North America	\$ 4,299	\$ 7,409	\$10,614	\$ 3,672	\$ 2,433
Far East	2,560	4,862	4,860	1,359	1,108
United Kingdom	2,428	2,171	3,108	1,058	346
	=====	=====	=====	=====	=====
	\$ 9,287	\$14,442	\$18,582	\$ 6,089	\$ 3,887
Affiliate sales or transfers from:					
North America	\$ 1,000	\$ 1,596	\$ 1,321	\$ 559	\$ 81
Far East	--	--	--	--	--
United Kingdom	--	451	54	48	50
	=====	=====	=====	=====	=====
	\$ 1,000	\$ 2,047	\$ 1,375	\$ 607	\$ 131
Operating profit:					
North America	\$ 338	\$ 2,610	\$ 3,815	\$ 1,932	\$ 790
Far East	182	612	432	187	66
United Kingdom	769	815	1,369	575	151
	=====	=====	=====	=====	=====
	\$ 1,289	\$ 4,037	\$ 5,616	\$ 2,694	\$ 1,007
Identifiable assets:					
North America	\$ 1,920	\$ 3,327	\$ 5,408	\$ 5,561	\$ 4,974
Far East	1,088	1,408	1,409	1,752	1,536
United Kingdom	1,616	1,617	899	1,711	982
	=====	=====	=====	=====	=====
	\$ 4,624	\$ 6,352	\$ 7,716	\$ 9,024	\$ 7,492

Amounts for the Far East consist of activities in the Company's Singapore and Japan subsidiaries.

Export sales from the Company's New Jersey location totaled \$591, \$2,777, and \$3,486 during the years ended December 31, 1994, 1995, and 1996, respectively, and \$1,528 and \$196 during the three months ended March 31, 1996 and 1997, respectively.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended
March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(4) Foreign Operations -- (Continued)

The Company's foreign subsidiaries paid directors fees to several individuals who are members of management of the parent company which totaled \$49, \$151, and \$192 during the years ended December 31, 1994, 1995, and 1996, respectively.

(5) Concentrations of Credit Risk

The Company's customers are in the semiconductor industry. During 1994, 1995, and 1996 the Company had sales to certain customers which exceeded 10% of the Company's consolidated revenues. Those sales were as follows:

Customer	1994	1995	1996
A	7%	16%	16%
B	12	3	9
C	14	11	8
D	16	12	7

Additionally, at December 31, 1996, these four customers accounted for 27% of trade receivables.

(6) Inventories

Inventories held at December 31 were comprised of the following:

	1995	1996
Raw materials	\$ 1,075	\$1,145
Work in process	20	44
Finished goods	123	124
	\$ 1,218	\$1,313

(7) Debt

In 1996, the Company financed a purchase of equipment with a term note. The note bears interest at a fixed rate of 8.65%, and is to be paid in equal monthly installments of \$4 through August, 2001. At December 31, 1996, \$189 was outstanding. Prior to 1996 the Company had no long term debt.

Principal payments due within the next five years are as follows:

1997	\$ 34
1998	37
1999	40
2000	44
2001	34

Additionally, the Company has a \$1,500 line of credit. Borrowings under this line of credit are principally used for working capital purposes. Borrowings on the line of credit bear interest at prime rate, which is payable monthly on any outstanding balance. Further, the Company is required to maintain a \$50 compensating balance at the bank which granted the line of credit. The credit line expires on June 30, 1997. At December 31, 1996 and March 31, 1997, there were no borrowings outstanding.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(8) Commitments

The Company leases its offices, warehouse facilities and automobiles under noncancelable operating leases which expire at various dates through 2003. Total rental expense for the years ended December 31, 1994, 1995, and 1996, and the three months ended March 31, 1996 and 1997 was \$336, \$388, and \$422, \$83, and \$115, respectively. The aggregate minimum rental commitments under the noncancelable operating leases in effect at December 31, 1996 are as follows:

1997	\$ 346
1998	309
1999	275
2000	217
2001 and thereafter	452

(9) Income Taxes

As discussed in Notes 2 and 3, the Company has elected S corporation status for Federal tax purposes, as well as certain states, and therefore is not subject to federal income taxes directly. For those states and foreign jurisdictions in which the Company is subject to taxes, the temporary differences that give rise to deferred tax assets and liabilities were not significant at December 31, 1995 and 1996, or March 31, 1997.

Earnings before income taxes were as follows:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Domestic	\$ 345	\$2,651	\$3,979	\$1,984	\$ 835
Foreign	981	1,419	1,738	722	187
	\$ 1,326	\$4,070	\$5,717	\$2,706	\$1,022
	=====	=====	=====	=====	=====

Income tax expense was as follows:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Domestic	\$ 9	\$ 82	\$ 126	\$ 75	\$ 21
Foreign	373	555	732	280	146
	\$382	\$637	\$ 858	\$355	\$167
	=====	=====	=====	=====	=====

(10) Employee Benefit Plans

In 1996, the Company instituted a defined contribution 401(k) plan for its employees who work in the U.S. All employees of the parent company who are at least 18 years of age and have completed six months of service with the Company are eligible to participate in the plan. Under the plan, the Company matches employee contributions dollar for dollar up to 10% of the employee's annual compensation up to \$5. In addition, the Company may match employee contributions dollar for dollar for amounts exceeding 15% of the employee's annual compensation to a maximum of \$5. Employer contributions vest over a six-year period. The Company contributions in 1996 totaled \$71.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended
March 31, 1996 and 1997 is unaudited)
(in thousands, except for share data)

(10) Employee Benefit Plans -- (Continued)

The Company sponsors a noncontributory pension plan for an employee of its U.K. subsidiary. The Company has no other defined contribution or defined benefit plans.

(11) Accrued Expense

Accrued wages and expenses consist of the following:

	December 31,		March 31,
	1995	1996	1997
Accrued commissions	\$ 113	\$390	\$107
Accrued vacation	101	101	101
Other	85	104	219
	\$ 299	\$595	\$427
	=====	=====	=====

(12) Subsequent Events

In April of 1997, the Company's Board of Directors authorized the filing of a Registration Statement on Form S-1 in connection with a planned initial public offering of the Company's common stock. The Company intends to effect a stock split in the form of a stock dividend in the amount 0.5579 shares for every one share outstanding as of the effective date of the transaction. All share and per share information in the accompanying consolidated financial statements have been retroactively adjusted to give effect to the planned modification to the Company's capital structure.

Also in April of 1997, the Company's Board of Directors reserved 500,000 shares of common stock for issuance under a newly created stock plan and also approved the award of stock options to employees to purchase a total of 150,000 shares of common stock. The grants are to become effective on the effective date of the Registration Statement and the options will be exercisable at a per share price equal to the initial public offering price.

[Inside Back Cover]

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No dealer, sales representative or any other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Stockholders or any of the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of any offer to buy any security other than the shares of Common Stock offered by this Prospectus, nor does it constitute an offer to sell or a solicitation of any offer to buy the shares of Common Stock in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

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Until _____, 1997, all dealers effecting transactions in the Common Stock offered hereby, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligations of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

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2,275,000 Shares

[COMPANY LOGO]

Common Stock

P R O S P E C T U S

JANNEY MONTGOMERY SCOTT INC.

NEEDHAM & COMPANY, INC.

____, 1997

=====

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Set forth below is an estimate of the approximate amount of fees and expenses (other than underwriting commissions and discounts) payable by the Company in connection with the issuance and distribution of the Common Stock pursuant to the Prospectus contained in this Registration Statement. The Company will pay all of these expenses.

	Approximate Amount

Securities and Exchange Commission registration fee	\$ 8,324
NASD filing fee	3,248
Blue Sky expenses	5,000
Nasdaq company listing fee	32,277
Accountants fees and expenses	150,000
Legal fees and expenses	200,000
Transfer Agent and Registrar fees and expenses	7,000
Printing and engraving expenses	90,000
Directors' and Officers' insurance	130,000
Miscellaneous expenses	29,151

Total	\$655,000
	=====

Item 14. Indemnification of Directors and Officers

Article VI of the Company's Bylaws provides that the Company shall indemnify its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware ("DGCL"). The Bylaws require the Company, among other things, to indemnify such directors and officers against certain liabilities that may arise by reason of their status or service as directors or officers, to advance expenses to them as they are incurred, provided that they undertake to repay the amount advanced if it is ultimately determined by a court that they are not entitled to indemnification and to obtain directors' and officers' liability insurance if available on reasonable terms. The Bylaws require the Company to indemnify an officer or director in connection with a proceeding (or part thereof) initiated by such officer or director only if the initiation of such proceeding was authorized by the Board of Directors. Reference is made to Section 145 of the DGCL which provides for indemnification of directors and officers in certain circumstances.

Article IX of the Company's Certificate of Incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for willful or negligent conduct in paying dividends or repurchasing stock out of other than lawfully available funds or (iv) for any transaction from which the director derives an improper personal benefit.

The Company has applied for an insurance policy which will entitle the Company to be reimbursed for certain indemnity payments it is required or permitted to make to its directors and officers.

Item 15. Recent Sales of Unregistered Securities

On October 4, 1994, the Company issued 5,000 shares (7,789 shares after the stock dividend to occur on the effective date of this Registration Statement (the "Stock Dividend")) of Common Stock to William R. Blatchley in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 1, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to Christopher L. West in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 27, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to William R. Blatchley in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 27, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to Jerome R. Bortnam in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 27, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to Jack R. Edmunds in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

- 1. Form of Underwriting Agreement.
- 3.1 Certificate of Incorporation of inTEST CORP.
- 3.2 Bylaws of inTEST CORP.
- 4.1* Specimen stock certificate representing Common Stock.
- 5. * Opinion of Saul, Ewing, Remick & Saul as to the legality of the securities being registered (including consent).
- 10.1 Amended and Restated Loan Agreement, dated June 30, 1996, between inTEST CORP and PNC Bank, National Association.
- 10.2 Lease, dated February 11, 1996, between Cherry Hill Industrial Sites, Inc. and inTEST CORP.
- 10.3 Lease, dated August 5, 1996, between KIP Properties and inTEST CORP.
- 10.4 Lease, dated December 2, 1977, between Alan Breck Robertson and Mavis Robertson and Robertson Engineering (Thame) Limited ("U.K. Lease").
- 10.5 Assignment of U.K. Lease, dated January 28, 1986, between Citycrown Engineering Limited and inTEST LTD.
- 10.6 Tenancy Agreement, dated April 18, 1996, between Alambon Tools Private Limited and inTEST PTE.
- 10.7 Agreement of Exchange between Alyn R. Holt and inTEST CORP, dated April 4, 1997. Each of the minority stockholders of inTEST LTD, inTEST PTE and inTEST KK have executed Agreements of Exchange which are substantially identical to Mr. Holt's except as to certain requirements under the laws of each foreign jurisdiction and also as to the parties, the number of shares exchanged and the number of inTEST CORP shares received as set forth below:

Party	Number of Shares Pre-Exchange	Number of Shares Post-Exchange
inTEST LTD:		
Alyn R. Holt	2,775	23,902
Brian R. Moore	6,947	59,836
Julian P. Partington	3,403	29,311
inTEST PTE:		
Alyn R. Holt	16,500	7,221
Cornelis Hol	15,000	6,565
inTEST KK:		
Micronics Japan Company, Ltd.	60	30,945
Tomoyasu Ogura	54	27,850
Cornelis Hol	6	3,094
Tomio Wakamatsu	4	2,063
Kenji Murayama	4	2,063

- 10.8 1997 Stock Plan.
- 10.9* Form of S Corporation Stockholder Indemnification Agreement.
- 21. Subsidiaries of the Company.
- 23.1 Consent of KPMG Peat Marwick LLP.
- 23.2* Consent of Saul, Ewing, Remick & Saul (contained in its opinion to be filed as Exhibit 5 hereto).
- 23.3 Consent of Ratner & Prestia.
- 24. Power of Attorney (see signature page).
- 27.1 Financial Data Schedule for the year ended December 31, 1996.
- 27.2 Financial Data Schedule for the quarter ended March 31, 1997.

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* To be filed by amendment.

(b) Financial Statement Schedules.

Schedule II -- Valuation of Qualifying Accounts.

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

Item 17. Undertakings

The Registrant hereby undertakes:

(1) To provide to the Underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(2) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the applicable provisions of the DGCL, or otherwise, the Company has been advised that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(3) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(4) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Cherry Hill, and State of New Jersey on the 2nd day of May, 1997.

inTEST CORPORATION

By: /s/ Alyn R. Holt

Alyn R. Holt
Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Alyn R. Holt and Hugh T. Regan, Jr., and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution, to sign on his behalf, individually and in each capacity stated below, all amendments and post-effective amendments to this Registration Statement on Form S-1 and to file the same, with all exhibits thereto and any other documents in connection therewith, with the Commission under the Securities Act, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as each might or could do in person, hereby ratifying and confirming each act that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by the following persons in the capacities indicated on May 2, 1997.

Signature	Title
----- /s/ Alyn R. Holt ----- Alyn R. Holt	Chairman and Chief Executive Officer (principal executive officer)
----- /s/ Robert E. Matthiessen ----- Robert E. Matthiessen	President, Chief Operating Officer and Director
----- /s/ Daniel J. Graham ----- Daniel J. Graham	Senior Vice President and Director
----- /s/ Hugh T. Regan, Jr. ----- Hugh T. Regan, Jr.	Chief Financial Officer and Treasurer (principal financial officer and accounting officer)
----- /s/ Hugh T. Regan, Sr. ----- Hugh T. Regan, Sr.	Secretary
----- /s/ Richard O. Endres ----- Richard O. Endres	Director
----- /s/ Stuart F. Daniels ----- Stuart F. Daniels	Director

Valuation and Qualifying Accounts
(in thousands)

For the year ended December 31,		Balance at beginning of period
1994	Allowance for doubtful accounts	\$ 31
1995		53
1996		42
1994	Warranty reserve	\$ --
1995		--
1996		--

For the year ended December 31,	Additions			Balance at end of period
	Charged to costs and expenses	Charged to other accounts-describe	Deductions	
1994	50		28	53
1995	18		29	42
1996	50		4	88
1994	--	--	--	--
1995	--	--	--	--
1996	25	--	--	25

Exhibit Index

Exhibit Number	Title or Description

1.	Form of Underwriting Agreement.
3.1	Certificate of Incorporation of inTEST CORP.
3.2	Bylaws of inTEST CORP.
10.1	Amended and Restated Loan Agreement, dated June 30, 1996, between inTEST CORP and PNC Bank, National Association.
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	Party	Number of Shares Pre-Exchange	Number of Shares Post-Exchange

inTEST LTD:	Alyn R. Holt	2,775	23,902
	Brian R. Moore	6,947	59,836
	Julian P. Partington	3,403	29,311
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	Cornelis Hol	15,000	6,565
inTEST KK:	Micronics Japan Company, Ltd.	60	30,945
	Tomoyasu Ogura	54	27,850
	Cornelis Hol	6	3,094
	Tomio Wakamatsu	4	2,063
	Kenji Murayama	4	2,063

10.8	1997 Stock Plan.
21.	Subsidiaries of the Company.
23.1	Consent of KPMG Peat Marwick LLP.
23.3	Consent of Ratner & Prestia.
24.	Power of Attorney (see signature page).
27.1	Financial Data Schedule for the year ended December 31, 1996.
27.2	Financial Data Schedule for the quarter ended March 31, 1997.

2,616,250 Shares

INTEST CORPORATION
Common Stock

UNDERWRITING AGREEMENT

Philadelphia, Pennsylvania
May __, 1997

JANNEY MONTGOMERY SCOTT INC.
NEEDHAM & COMPANY, INC.
As Representatives of the Several
Underwriters Named in Schedule I
Hereto
c/o Janney Montgomery Scott Inc.
1801 Market Street
Philadelphia, Pennsylvania 19103

Dear Ladies and Gentlemen:

inTEST Corporation, a Delaware corporation (the "Company"), proposes to sell to Janney Montgomery Scott Inc. and Needham & Company, Inc. (the "Representatives") and the several other underwriters named in Schedule I hereto (collectively with the Representatives, the "Underwriters") 1,820,000 shares of the Company's common stock ("Common Shares"), and the selling stockholders of the Company named in Schedule II hereto (collectively, the "Selling Stockholders") propose to sell severally to the Underwriters an aggregate of 455,000 Common Shares. The Common Shares to be sold to the Underwriters by the Company and the Selling Stockholders are hereinafter referred to as the "Firm Shares." The respective amounts of the Firm Shares to be so purchased by the several Underwriters are set forth opposite their names in Schedule I hereto. The Firm Shares shall be offered to the public at an initial public offering price of \$ _____ per Firm Share (the "Offering Price").

In addition, in order to cover over-allotments in the sale of the Firm Shares, the Underwriters may purchase for the Underwriters' own accounts, ratably in proportion to the amounts set forth opposite their respective names in Schedule I hereto, up to 341,250

additional Common Shares from the Selling Stockholders named in Schedule II hereto (such additional Common Shares are referred to herein as the "Optional Shares"). If any Optional Shares are purchased, the Optional Shares shall be purchased for offering to the public at the Offering Price and in accordance with the terms and conditions set forth herein. The Firm Shares and the Optional Shares are referred to collectively herein as the "Shares."

The Company and the Selling Stockholders, intending to be legally bound, hereby confirm their agreement with the Underwriters as follows:

1. Representations and Warranties.

(a) Representations and Warranties of the Company.

The Company, and each of the subsidiaries of the Company listed in Exhibit A hereto (each a "Subsidiary", all of the foreign subsidiaries collectively referred to as the "Foreign Subsidiaries", all of the domestic subsidiaries referred to as the "Domestic Subsidiaries" and all of the Foreign Subsidiaries and Domestic Subsidiaries collectively referred to as the "Subsidiaries") jointly and severally represent and warrant to, and agree with, the several Underwriters that:

(i) The Company has prepared, in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Regulations"), of the Securities and Exchange Commission (the "SEC") under the Act in effect until applicable times, and has filed with the SEC a registration statement on Form S-1 (File No. 333-_____) and one or more amendments thereto for the primary purpose of registering the Shares under the Act. Copies of such registration statement and any amendments thereto, and all forms of the related prospectus contained therein, have been delivered to the Representatives; any preliminary prospectus included in such registration statement or filed with the SEC pursuant to Rule 424(a) of the Regulations is hereinafter called a "Preliminary Prospectus." The various parts of such registration statement, including all exhibits thereto and the information (if any) contained in the form of final prospectus filed with the SEC pursuant to Rule 424(b) of the Regulations in accordance with Section 5(a) of this Agreement and deemed by virtue of Rule 424 of the Regulations to be part of the registration statement at the time it was declared effective, each as amended at the time the registration statement became effective, are hereinafter collectively called the "Registration Statement." The final prospectus in the form included in the Registration Statement or first filed with the SEC pursuant to Rule 424(b) of the Regulations and any amendments or supplements thereto are hereinafter called the "Prospectus."

(ii) The Registration Statement has become effective under the Act and the SEC has not issued any stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Preliminary Prospectus, nor has the SEC instituted or threatened to institute proceedings with respect to such an order. No stop order suspending the sale of the Shares in any jurisdiction designated by the Representatives as provided for in Section 5(f) hereof has been issued, and no proceedings for that purpose have been instituted or threatened. The Company has complied in all material

respects with all requests of the SEC, or requests of which the Company has been advised of any state securities commission in a state designated by the Representatives as provided for in Section 5(f) hereof, for additional information to be included in the Registration Statement, any Preliminary Prospectus or the Prospectus unless such request has been waived. Each Preliminary Prospectus conformed to all the requirements of the Act and the Regulations as of its date in all material respects and did not as of its date contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except the foregoing shall not apply to statements in or omissions from any Preliminary Prospectus in reliance upon and in conformity with information supplied to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein. The Registration Statement, on the date on which it is declared effective by the SEC (the "Effective Date") and when any post-effective amendment thereof shall become effective, and the Prospectus, at the time it is filed with the SEC pursuant to Rule 424(b) and on the Closing Date (as defined in Section 3 hereof) and any Option Closing Date (as defined in Section 4(b) hereof), will conform in all material respects to all the requirements of the Act and the Regulations, and will not, on any of such dates, include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that this representation and warranty does not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein.

(iii) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with all necessary corporate power and authority, and all required licenses, permits, clearances, certifications, registrations, approvals, consents and franchises, to own or lease and operate its properties and to conduct its business as described in the Prospectus, and to execute, deliver and perform this Agreement. Each of the Subsidiaries has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with all necessary corporate power and authority, and all required licenses, permits, clearances, certifications, registrations, approvals, consents and franchises, to own or lease and operate its properties and to conduct its business as described in the Prospectus.

(iv) The outstanding shares of capital stock or other evidence of ownership of the Subsidiaries have been duly authorized and validly issued and are owned by the Company (A) 100% with respect to the Domestic Subsidiaries, (B) 79% with respect to the Foreign Subsidiaries and (C) upon the consummation of the transactions contemplated in the Exchange Agreements (the "Exchange") each dated , 1997 (each an "Exchange Agreement" and collectively, the "Exchange Agreements") by and between the Company and each of those persons named in Schedule III hereto (collectively, the "Subsidiary Stockholders"), 100% with respect to the Foreign Subsidiaries, in all cases free and clear of all liens, encumbrances and security interests. There are no options, obligations

to issue or other rights to convert or exchange any obligations into shares of capital stock or ownership interests in the Subsidiaries are outstanding. Except as provided in the corporation law of the respective jurisdictions of incorporation of the Subsidiaries or as set forth in the Prospectus, there are no restrictions of any kind which prevent the payment of dividends by any of the Subsidiaries.

(v) This Agreement has been duly authorized, executed and delivered by the Company and each of the Subsidiaries and constitutes, with respect to each, its legal, valid and binding obligation, enforceable against the Company and each of the Subsidiaries in accordance with its terms, except as such enforceability may be limited by equitable principles or by the application of bankruptcy, insolvency or other similar laws relating to or affecting creditors' rights generally, and except as rights to indemnity and contribution hereunder may be limited by applicable securities laws.

(vi) The Exchange Agreements have been duly authorized, executed and delivered by the Company and constitute the Company's legal, valid and binding obligation, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by equitable principles or by the application of bankruptcy, insolvency or other similar laws relating to or affecting creditors' rights generally.

(vii) The execution, delivery and performance of this Agreement by the Company and the Subsidiaries does not and will not, with or without the giving of notice or the lapse of time, or both, (a) conflict with any term or provision of the Company's and each of the Subsidiaries' Articles of Incorporation or Bylaws, or similar governing instruments, (b) result in a breach of, constitute a default under, result in the termination or modification of, result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the assets of the Company or any of the Subsidiaries, or require any payment by the Company or any of the Subsidiaries, or impose any liability on the Company or any of the Subsidiaries pursuant to, any contract, indenture, mortgage, deed of trust, commitment or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of the Company's or any of the Subsidiaries' assets are bound or affected, (c) assuming compliance with Blue Sky laws and regulations applicable to the offer and sale of the Shares, violate any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of the Company's or any of its Subsidiaries' properties or business or (d) result in a breach, termination or lapse of the Company's or any of its Subsidiaries' corporate power and authority to own or lease and operate its assets and properties and conduct its business as described in the Prospectus.

(viii) At the date or dates indicated in the Prospectus, the Company had the duly authorized and outstanding capital stock set forth in the Prospectus; and on the Effective Date, the Closing Date and any Option Closing Date, there were and will be no options or warrants for the purchase of, other outstanding rights to purchase,

agreements or obligations to issue or agreements or other rights to convert or exchange any obligation or security into, capital stock of the Company or securities convertible into or exchangeable for capital stock of the Company, except as described in the Prospectus.

(ix) The authorized capital stock of the Company conforms in all respects with the description thereof in the Prospectus.

(x) The currently outstanding shares of the Company's and the Subsidiaries' capital stock, including the Shares to be purchased by the Underwriters from the Selling Stockholders, have been duly authorized and are validly issued, fully paid and non-assessable, and none of such outstanding shares of the Company's or Subsidiaries' capital stock has been issued in violation of any preemptive rights of any security holder of the Company or the Subsidiaries. The Common Shares to be issued to the Selling Stockholders upon the consummation of the Exchange will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and none of such outstanding shares of the Company's capital stock will be issued in violation of any preemptive rights of any security holder of the Company. The holders of the outstanding shares of the Company's and the Subsidiaries' capital stock are not subject to personal liability solely by reason of being such holders. The offers and sales of the outstanding shares of the Company's and the Subsidiaries' capital stock, whether described in the Registration Statement or otherwise, were and, as to the Common Shares to be issued on consummation of the Exchange, will be made in conformity with applicable federal, state and foreign securities laws.

(xi) When the Shares have been duly delivered against payment therefor as contemplated by this Agreement, the Shares will be validly issued, fully paid and non-assessable, and the holders thereof will not be subject to personal liability solely by reason of being such holders. The certificates representing the Shares are in proper legal form under, and conform in all respects to the requirements of, the Delaware General Corporation Law, as amended. Neither the filing of the Registration Statement nor the offering or sale of Shares as contemplated by this Agreement gives any security holder of the Company any rights for or relating to the registration of any Common Shares or any other capital stock of the Company, except such as have been satisfied or waived.

(xii) No consent, approval, authorization, order, registration, license or permit of, or filing or registration with, any court, government, governmental agency, instrumentality or other regulatory body or official is required for the valid and legal execution, delivery and performance by the Company and the Subsidiaries of this Agreement and the consummation of the transactions contemplated hereby and described in the Prospectus, except such as may be required for the registration of the Shares under the Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and for compliance with the applicable state securities or Blue Sky laws.

(xiii) The Common Shares (including the Shares) have been approved for inclusion, subject only to official notice of issuance, in the Nasdaq National Market.

(xiv) The statements in the Registration Statement and Prospectus, insofar as they are descriptions of or references to contracts, agreements or other documents, are accurate in all material respects and present or summarize fairly, in all material respects, the information required to be disclosed under the Act and/or the Regulations, and there are no contracts, agreements or other documents required to be described or referred to in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement under the Act or the Regulations that have not been so described, referred to or filed, as required.

(xv) The consolidated financial statements of the Company (including the notes thereto) filed as part of any Preliminary Prospectus, the Prospectus and the Registration Statement present fairly, in all material respects, the financial position of the Company and the Subsidiaries as of the respective dates thereof, and the results of operations, stockholders' equity and cash flows of the Company and the Subsidiaries for the periods indicated therein, all in conformity with generally accepted accounting principles consistently applied. The supporting notes and schedules included in the Registration Statement fairly state in all material respects the information required to be stated therein in relation to the financial statements taken as a whole. The financial information included in the Prospectus under the caption "Prospectus Summary" and "Selected Consolidated Financial Data" presents fairly the information shown therein and has been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement. The unaudited pro forma financial information included in the Registration Statement complies as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X under the Act and the pro forma adjustments have been properly applied to the historical amounts in the compilation of this information.

(xvi) since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, there has not been (a) any material adverse change (including, whether or not insured against, any material loss or damage to any material assets), or development involving a prospective material adverse change, in the general affairs, properties, assets, management, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of either the Company or the Subsidiaries taken as a whole, (b) any material adverse change, loss, reduction, termination or non-renewal of any contract to which the Company or any Subsidiary is a party, (c) any transaction entered into by the Company or any Subsidiary not in the ordinary course of its business that is material to the Company and the Subsidiaries taken as a whole, (d) any dividend or distribution of any kind declared, paid or made by the Company or any Subsidiary on its capital stock, (e) any liabilities or obligations, direct or indirect, incurred by the Company or any Subsidiary that are material to the Company and the Subsidiaries taken as a whole, (f) any change in the capitalization or stock ownership of the

Company or any Subsidiary or (g) any change in the indebtedness of the Company or any Subsidiary that is material to the Company and the Subsidiaries taken as a whole. Neither the Company nor any Subsidiary has any contingent liabilities or obligations that are material to the Company and the Subsidiaries taken as a whole and that are not disclosed in the Prospectus.

(xvii) The Company has not distributed and will not distribute any offering material in connection with the offering and sale of the Shares other than the Registration Statement, a Preliminary Prospectus, the Prospectus and other material, if any, permitted by the Act and the Regulations. Neither the Company nor any of its officers, directors or affiliates has taken nor shall the Company take any action designed to, or that might be reasonably expected to cause or result in, stabilization or manipulation of the price of the Shares.

(xviii) The Company and each Subsidiary have filed with the appropriate federal, state and local governmental agencies, and all foreign countries and political subdivisions thereof, all tax returns that are required to be filed or have duly obtained extensions of time for the filing thereof and have paid all taxes shown on such returns or otherwise due and all material assessments received by it to the extent that the same have become due. Neither the Company nor any Subsidiary has executed or filed with any taxing authority, foreign or domestic, any agreement extending the period for assessment or collection of any income or other tax or is a party to any pending action or proceeding by any foreign or domestic governmental agencies for the assessment or collection of taxes, and no claims for assessment or collection of taxes have been asserted against the Company or any Subsidiary that might materially adversely affect the general affairs, assets, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries, taken as a whole.

(xix) To the knowledge of the Company, KPMG Peat Marwick LLP, which has given its reports on certain financial statements included as part of the Registration Statement, is a firm of independent certified public accountants as required by the Act and the Regulations.

(xx) Neither the Company nor any Subsidiary is in violation of or in default under any of the terms or provisions of (a) its Articles or Certificate of Incorporation or Bylaws or similar governing instruments, or (b) any indenture, mortgage, deed of trust, contract, commitment or other agreement or instrument to which it is a party or by which it or any of its properties is bound or affected, (c) any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over it or any of its properties or business or (d) any license, permit, certification, registration, approval, consent or franchise referred to in Section 1(a)(iii) hereof.

(xxi) There are no claims, actions, suits, protests, proceedings, arbitrations, investigations or inquiries pending before, or threatened or contemplated by, any governmental agency, instrumentality, court or tribunal, domestic or foreign, or before any private arbitration tribunal, including, without limitation, the current reexamination by the U.S. Patent and Trademark Office of the Company's U.S. Patent 4,589,815 issued on May 20, 1986, to which the Company or any Subsidiary is a party, that could reasonably be expected to affect the validity of any of the outstanding Common Shares, or that, if determined adversely to the Company or any Subsidiary, would, in any case or in the aggregate, result in any material adverse change in the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company or any of the Subsidiaries taken as a whole; nor, to the Company's knowledge, is there any reasonable basis for any such claim, action, suit, protest, proceeding, arbitration, investigation or inquiry. There are no outstanding orders, judgments or decrees of any court, governmental agency, instrumentality or other tribunal, enjoining the Company or any Subsidiary from, or requiring the Company or any Subsidiary to take or refrain from taking, any action, or to which the Company or any Subsidiary, their properties, assets or business are bound or subject.

(xxii) The Company and the Subsidiaries own, or possess adequate rights to use, all patents, patent applications, trademarks, trade names, service marks, licenses, inventions, copyrights, know-how, trade secrets, confidential information, processes and formulations and other proprietary information necessary for, used in or proposed to be used in the conduct of their business as described in the Prospectus (collectively, the "Intellectual Property"). The Company and the Subsidiaries have not infringed upon, are not infringing upon and have not received any notice of conflict with, the asserted intellectual property or other rights of others and the Company knows of no reasonable basis for any notice or claim of such infringement or conflict.

(xxiii) The Company and each Subsidiary have good and marketable title to all property described in the Prospectus as being owned by them, free and clear of all liens, security interests, charges or encumbrances, except such as are described or referred to in the Prospectus or such as do not materially affect the value of such property and do not interfere in any material respect with the use made, or proposed to be made, of such property by the Company or the Subsidiary. The Company and each Subsidiary have adequately insured their property against loss or damage by fire or other casualty and maintain, in amounts reasonably believed by them to be adequate, insurance against such other risks as they deem appropriate. All real and personal property leased by the Company or any Subsidiary, as described or referred to in the Prospectus, is held by the Company or such Subsidiary under valid leases. All of the facilities of the Company and each Subsidiary (the "Premises"), and all operations conducted thereon, are now and, since the Company or any Subsidiary began to use such Premises, always have been and, to the knowledge of the Company, prior to when the Company or any Subsidiary began to use such Premises, always had been, in compliance with all, foreign or domestic, federal, state and local statutes or ordinances, regulations and rules concerning or relating to industrial hygiene and the protection of health and the environment (collectively, "the Governmental Laws"), except to

the extent that any failure to be in such compliance would not materially adversely affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole. There are no conditions on, about, beneath or arising from the Premises that might give rise to liability, the imposition of a statutory lien or require a "Response," "Removal" or "Remedial Action," as defined herein, under any of the Governmental Laws, and that would materially adversely affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole. Neither the Company nor any Subsidiary has received notice, and the Company does not have knowledge, of any claim, demand, investigation, regulatory action, suit or other action instituted or threatened against the Company or any Subsidiary or any portion of the Premises relating to any of the Governmental Laws. Neither the Company nor any Subsidiary has received any notice of material violation, citation, complaint, order, directive, request for information or response thereto, notice letter, demand letter or compliance schedule to or from any governmental or regulatory agency, foreign or domestic, arising out of or in connection with "hazardous substances" (as defined by applicable Governmental Laws) on, about, beneath, arising from or generated at the Premises. As used in this subsection, the terms "Response," "Removal" and "Remedial Action" shall have the respective meanings assigned to such terms under Sections 101(23)-101(25) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. 9601(23)-9601(25).

(xxiv) The Company and each Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with generally accepted accounting principles and statutory accounting practices and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization and (d) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxv) Each contract or other instrument (however characterized or described) to which the Company or any Subsidiary is a party or by which any of their properties or business is bound or affected and which is material to the conduct of the Company's business as described in the Prospectus has been duly and validly executed by the Company or such Subsidiary, and, to the knowledge of the Company, by the other parties thereto. Each such contract or other instrument is in full force and effect and is enforceable against the parties thereto in accordance with its terms, and the Company and the Subsidiaries are not, and to the knowledge of the Company, no other party is, in default thereunder, and no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default under any such contract or other instrument. All necessary consents under such contracts or other instruments to disclosure in the Prospectus with respect thereto have been obtained.

(xxvi) Except for such plans that are expressly disclosed in the Prospectus, the Company and the Subsidiaries do not have any employee benefit plan, profit sharing plan, employee pension benefit plan or employee welfare benefit plan or deferred compensation arrangements ("Plans") that are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations thereunder ("ERISA"). All Plans that are subject to ERISA are in compliance with ERISA, in all material respects, and, to the extent required by the Internal Revenue Code of 1986, as amended (the "Code"), in compliance with the Code in all material respects. Neither the Company nor any Subsidiary has or ever had any employee pension benefit plan that is subject to Part 3 of Subtitle B of Title I of ERISA or any defined benefit plan or multi-employer plan. The Company has not maintained retired life and retired health insurance plans that are employee welfare benefit plans providing for continuing benefit or coverage for any employee or any beneficiary of any employee after such employee's termination of employment, except as required by Section 4980B of the Code. No fiduciary or other party in interest with respect to any of the Plans has caused any of such Plans to engage in a prohibited transaction as defined in Section 406 of ERISA. As used in this subsection, the terms "defined benefit plan," "employee benefit plan," "employee pension benefit plan," "employee welfare benefit plan," "fiduciary" and "multi-employer plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

(xxvii) No labor dispute exists with the employees of the Company or any Subsidiary, and no such labor dispute is threatened. The Company has no knowledge of any existing or threatened labor disturbance by the employees of any of the principal suppliers, contractors or customers of the Company or its Subsidiaries that would materially adversely affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole.

(xxviii) Neither the Company nor any Subsidiary has incurred any liability for any finder's fees or similar payments in connection with the transactions contemplated herein.

(xxix) Each of the Company and the Subsidiaries currently intends to conduct its affairs in such a manner as to ensure that it will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules and regulations thereunder.

(xxx) There is no document or contract of a character required to be described in the Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required; no statement, representation, warranty or covenant made by the Company or any Subsidiary in this Agreement or in any certificate or document required by this Agreement to be delivered to the Representatives is, was when made, or as of the Closing Date or any Option Closing Date will be, inaccurate, untrue or incorrect in any material respect. No transaction has occurred or is proposed between or among the Company

and any of its officers, directors or stockholders or any affiliate of any such officer, director or stockholder that is required to be described in and is not described in the Registration Statement and the Prospectus.

(xxxix) None of the Company, any Subsidiary or any officer, director, employee, agent or other person acting on behalf of the Company or such Subsidiary has, directly or indirectly, given or agreed to give any money, property or similar benefit or consideration to any customer or supplier (including any employee or agent of any customer or supplier) or official or employee of any agency or instrumentality of any government (foreign or domestic) or political party or candidate for office (foreign or domestic) or any other person who was, is or in the future may be in a position to affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole or any actual or proposed business transaction of the Company or the Subsidiaries that (a) could subject the Company or such Subsidiary to any liability (including, but not limited to, the payment of monetary damages) or penalty in any civil, criminal or governmental action or proceeding, foreign or domestic, which would have a material adverse effect on the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company or the Subsidiaries taken as a whole or (b) violates any law, rule or regulation, foreign or domestic, to which the Company or the Subsidiaries are subject, which violation if proven would have a material adverse effect on the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole.

(xxxix) The Company has not declared, paid or accrued any dividends or distributions to stockholders since its inception except as described in the Prospectus and will not hereafter declare, pay or accrue any such dividends or distributions prior to the Closing Date.

(xl) Except as described on Schedule IV attached hereto, none of the stockholders of the Company, including those who will become such upon consummation of the Exchange, is affiliated with any member of the National Association of Securities Dealers, Inc. (the "NASD").

Any certificate signed by any officer of the Company or any Subsidiary in such capacity and delivered to the Representatives or to counsel for the Underwriters pursuant to this Agreement shall be deemed a representation and warranty by the Company or such Subsidiary to the several Underwriters as to the matters covered thereby.

(b) Representations and Warranties of the Selling Stockholders. Each of the Selling Stockholders represents and warrants to, and agrees with, the several Underwriters that:

(i) The Exchange Agreements have been duly authorized, executed and delivered by the Subsidiary Stockholders, except for the Company (the "Minority Subsidiary Stockholders"), and constitute the Minority Subsidiary Stockholders' legal, valid and binding obligation, enforceable against the Minority Subsidiary Stockholders in accordance with their terms, except as such enforceability may be limited by equitable principles or by the application of bankruptcy, insolvency or other similar laws relating to or affecting creditors' rights generally, and except as rights to indemnity and contribution hereunder may be limited by applicable securities laws.

(ii) Such Selling Stockholder has duly executed and delivered a power of attorney in the form contained in the Custody Agreement (as defined below) appointing each of Alyn R. Holt and Hugh T. Regan, Jr. as such Selling Stockholder's attorney-in-fact (the "Attorney-in-Fact"). The Attorney-in-Fact is authorized to execute, deliver and perform this Agreement on behalf of such Selling Stockholder, including, without limitation, the authority to determine the purchase price to be paid to each such Selling Stockholder by the Underwriters as set forth in Section 2 of this Agreement, and in connection therewith such Selling Stockholder has duly executed and delivered a Power of Attorney and Custody Agreement (the "Custody Agreement"), in the form heretofore delivered to the Representatives, with _____ as custodian (the "Custodian"). Certificates in negotiable form representing the Shares to be sold by such Selling Stockholder hereunder have been deposited with the Custodian, except for those Shares to be issued in the Exchange in which case the certificates representing the shares of the Foreign Subsidiaries to be exchanged have been deposited, pursuant to the Custody Agreement for the purpose of delivery pursuant to this Agreement. Those Shares to be issued in the Exchange shall be issued by the Company's transfer agent upon the consummation thereof and delivered pursuant to this Agreement. Such Selling Stockholder agrees that the Shares represented by the certificates which are on deposit or which will be issued by the Company's transfer agent upon the consummation of the Exchange are subject to the interests of the Underwriters hereunder, that the arrangements made for such custody and the appointment of the Attorney-in-Fact are to that extent irrevocable, and that the obligations of such Selling Stockholder hereunder shall not be terminated, except as expressly provided in this Agreement or the Custody Agreement, by any act of such Selling Stockholder, by operation of law or otherwise, by the death or incapacity of such Selling Stockholder, or by the occurrence of any other event. If any individual Selling Stockholder should die or become incapacitated, or if any other event should occur, before the delivery of the Shares to be sold by such Selling Stockholder hereunder, the certificates for such Shares shall be delivered by the Custodian and issued by the Company's transfer agent in accordance with the terms and conditions of this Agreement and Custody Agreement as if such death, incapacity, or other event had not occurred, regardless of whether or not the Custodian or Attorney-in-Fact shall have received notice thereof.

(iii) Such Selling Stockholder has the full right, power and authority to enter into this Agreement, the Custody Agreement and the Exchange Agreements, and has or, in the case of Shares to be issued pursuant to the Exchange Agreements, will have

the full right, power and authority to sell, transfer and deliver the Shares to be sold by such Selling Stockholder hereunder, and this Agreement, the Custody Agreement and the Exchange Agreements have been duly authorized, executed and delivered by such Selling Stockholder and constitute the legal, valid and binding obligations of such Selling Stockholder enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and by the Custody Agreement and the Exchange Agreements will not result in a violation or breach by such Selling Stockholder of, or constitute a default by such Selling Stockholder under, any indenture, mortgage, deed of trust, note, bank loan or credit agreement or any other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound, any organizational document relating to such Selling Stockholder (including, without limitation, any partnership agreement, articles of incorporation, bylaws or other governing instruments), or any statute, judgment, decree, order, rule or regulation of any court or governmental agency or body, foreign or domestic, applicable to such Selling Stockholder.

(iv) All authorizations, approvals and consents necessary for the execution and delivery by such Selling Stockholder of the Custody Agreement and such Selling Stockholder's Exchange Agreement, if any, the execution and delivery by or on behalf of such Selling Stockholder of this Agreement, the consummation of the Exchange and the sale and delivery of the Shares to be sold by such Selling Stockholder hereunder (other than such authorizations, approvals or consents as may be necessary under the state securities or Blue Sky laws), have been obtained and are in full force and effect.

(v) Such Selling Stockholder now is (except for the Shares to be issued upon the Exchange), and on the Closing Date will be, the lawful owner of the Shares to be sold by such Selling Stockholder pursuant to this Agreement. On the Closing Date, such Selling Stockholder will have valid and marketable title to such Shares, free and clear of all liens, encumbrances, security interests or other restrictions (other than those created under the Custody Agreement). Upon proper delivery of and payment for such Shares as provided herein, the Underwriters will acquire valid and marketable title thereto, free and clear of all liens, encumbrances, security interests and other restrictions.

(vi) To the knowledge of such Selling Stockholder after due inquiry, the representations and warranties of the Company contained in Section 1(a) hereof are true and correct. Such Selling Stockholder has examined the Registration Statement and the Prospectus and has no knowledge of any fact, condition or information not disclosed therein which has adversely affected or could adversely affect the general affairs, assets, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries, taken as a whole. To the knowledge of such Selling Stockholder after due inquiry and review of the Registration Statement and Prospectus, neither the Registration Statement nor the Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such Selling Stockholder is not prompted to sell the

Shares to be sold by such Selling Stockholder hereunder by any information concerning the Company or any Subsidiary which is not set forth in the Prospectus.

(vii) Such Selling Stockholder has examined the Registration Statement and the Prospectus and the information relating to such Selling Stockholder set forth therein and, as to such information, neither the Registration Statement nor the Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) Such Selling Stockholder will comply in all respects with the lock-up agreement set forth in Section 3(m) of the Custody Agreement.

(ix) Such Selling Stockholder has not incurred any liability for any finder's fee or similar payments in connection with the sale of such Selling Stockholder's Shares hereunder.

(x) Such Selling Stockholder (A) has not distributed and will not distribute any offering material in connection with the offering and sale of the Shares other than the Registration Statement, a Preliminary Prospectus, the Prospectus and other material, if any, permitted by the Act and the Regulations, and (B) has not taken and will not take any action designed to, or that might be reasonably expected to cause or result in, stabilization or manipulation of the price of the Shares.

2. Purchase and Sale of Firm Shares. On the basis of the representations, warranties, covenants and agreements contained herein, but subject to the terms and conditions set forth herein, (a) the Company shall sell to the several Underwriters at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto, and the Underwriters, severally and not jointly, shall purchase from the Company on a firm commitment basis, at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto; and (b) the Selling Stockholders shall sell to the several Underwriters at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule II hereto, and the Underwriters, severally and not jointly, shall purchase from the Selling Stockholders on a firm commitment basis, at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto. In making this Agreement, each Underwriter is contracting severally, and not jointly, and except as provided in Sections 4 and 11 hereof, the agreement of each Underwriter is to purchase only that number of shares specified with respect to that Underwriter in Schedule I hereto. The Underwriters shall offer the Shares to the public as set forth in the Prospectus.

3. Payment and Delivery. Payment for the Firm Shares shall be made by certified or official bank check payable to the order of (i) the Company with respect to the Firm Shares sold by it and (ii) the Custodian with respect to the Firm Shares sold by the Selling Stockholders, in New York Clearing House funds at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Company, the Attorney-in-Fact and the Representatives, or in immediately available funds wired to such accounts as the Company or the Custodian may specify (with all costs and expenses incurred by the Underwriters in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by the Company), against delivery of the Firm Shares to the Representatives at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Company, the Attorney-in-Fact and the Representatives, for the respective accounts of the Underwriters. Such payment and delivery will be made at 10:00 AM., Philadelphia, Pennsylvania time, on _____, 1997. Such time and date are referred to herein as the "Closing Date." The certificates representing the Firm Shares to be sold and delivered will be in such denominations and registered in such names as the Representatives request not less than two full business days prior to the Closing Date, and will be made available to the Representatives for inspection, checking and packaging at the New York correspondent office of the Company's transfer agent not less than one full business day prior to the Closing Date.

4. Option to Purchase Optional Shares.

(a) For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Shares as contemplated by the Prospectus, subject to the terms and conditions herein set forth, the several Underwriters are hereby granted an option by the Selling Stockholders to purchase all or any part of the Optional Shares, pro rata as among the Optional Shares from each Selling Stockholder (the "Over-allotment Option"). The purchase price to be paid for the Optional Shares shall be the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus. The Over-allotment Option granted hereby may be exercised by the Representatives on behalf of the several Underwriters as to all or any part of the Optional Shares at any time and from time to time within 30 days after the date of the Prospectus. No Underwriter shall be under any obligation to purchase any Optional Shares prior to an exercise of the Over-allotment Option.

(b) The Over-allotment Option granted hereby may be exercised by the Representatives on behalf of the several Underwriters by giving notice to the Custodian by a letter sent by registered or certified mail, postage prepaid, telex, telegraph, telegram or facsimile (such notice to be effective when received), addressed as provided in Section 13 hereof, setting forth the number of Optional Shares to be purchased, the date and time for delivery of and payment for the Optional Shares and stating that the Optional Shares referred to therein are to be used for the purpose of covering over-allotments in connection with the distribution and sale of the Firm Shares. If such notice is given prior to the Closing Date, the

date set forth therein for such delivery and payment shall be the Closing Date. If such notice is given on or after the Closing Date, the date set forth therein for such delivery and payment shall be a date selected by the Representatives that is within three full business days after the exercise of the Over-allotment Option. The date and time set forth in such a notice is referred to herein as an "Option Closing Date," and a closing held pursuant to such a notice is referred to herein as an "Option Closing." Upon each exercise of the Over-allotment Option, and on the basis of the representations, warranties, covenants and agreements herein contained, and subject to the terms and conditions herein set forth, the several Underwriters shall become severally, but not jointly, obligated to purchase from the Selling Stockholders the number of Optional Shares specified in each notice of exercise of the Over-allotment Option.

(c) The number of Optional Shares to be sold to each Underwriter pursuant to each exercise of the Over-allotment Option shall be the number that bears the same ratio to the aggregate number of Optional Shares being purchased through such Over-allotment Option exercise as the number of Firm Shares opposite the name of such Underwriter in Schedule I hereto bears to the total number of all Firm Shares. Notwithstanding the foregoing, the number of Optional Shares purchased and sold pursuant to each exercise of the Over-allotment Option shall be subject to such adjustment as the Representatives may approve to eliminate fractional shares and subject to the provisions for the allocation of Optional Shares purchased for the purpose of covering over-allotments set forth in the agreement entered into by and among the Underwriters in connection herewith (the "Agreement Among Underwriters"). The number of Optional Shares to be sold by each Selling Stockholder shall be the respective number of Optional Shares obtained by multiplying the number of Optional Shares specified in the notice to the Custodian referred to in Section 4(b) hereof by a fraction the numerator of which is the maximum number of Optional Shares to be sold by such Selling Stockholders, as specified opposite such Selling Stockholders name in Schedule II hereto, and the denominator of which is the maximum number of all Optional Shares that may be sold pursuant to this Agreement; subject, however, to such adjustment as the Representatives may approve to eliminate fractional shares.

(d) Payment for the Optional Shares shall be made to the Custodian by certified or official bank check payable to the order of the Custodian in New York Clearing House funds, at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Attorney-in-Fact and the Representatives, or in immediately available funds wired to such account as the Custodian may specify (with all costs and expenses incurred by the Underwriters in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by the Company), against delivery of the Optional Shares to the Representatives at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Company, the Attorney-in-Fact and the Representatives, for the respective accounts of the Underwriters. The certificates representing the Optional Shares to be issued and delivered will be in such denominations and registered in such names as the Representatives request not

less than two full business days prior to the Option Closing Date, and will be made available to the Representatives for inspection, checking and packaging at the New York correspondent office of the Company's transfer agent not less than one full business day prior to the Option Closing Date.

5. Certain Covenants and Agreements of the Company. The Company covenants and agrees with the several Underwriters as follows:

(a) If Rule 430A of the Regulations is employed, the Company will timely file the Prospectus pursuant to and in compliance with Rule 424(b) of the Regulations and will advise the Representatives of the time and manner of such filing.

(b) The Company will not file or publish any amendment or supplement to the Registration Statement, Preliminary Prospectus or Prospectus at any time before the completion of the distribution of the Shares by the Underwriters that is not (i) in compliance with the Regulations and (ii) approved by the Representatives (such approval not to be unreasonably withheld or delayed).

(c) The Company will advise the Representatives immediately, and confirm such advice in writing, (i) when any post-effective amendment to the Registration Statement is filed with the SEC, (ii) of the receipt of any comments from the SEC concerning the Registration Statement, (iii) when any post-effective amendment to the Registration Statement becomes effective, or when any supplement to the Prospectus or any amended Prospectus has been filed, (iv) of any request of the SEC for amendment or supplementation of the Registration Statement or Prospectus or for additional information, (v) during the period when the Prospectus is required to be delivered under the Act and Regulations, of the happening of any event as a result of which the Registration Statement or the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading, (vi) during the period noted in (v) above, of the need to amend the Registration Statement or supplement the Prospectus to comply with the Act, (vii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, and (viii) of the suspension of the qualification of any of the Shares for offering or sale in any jurisdiction in which the Underwriters intend to make such offers or sales, or of the initiation or threatening of any proceedings for any of such purposes known to the Company. The Company will use its best efforts to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain as soon as possible the lifting thereof.

(d) The Company has delivered to the Representatives, without charge, copies of each Preliminary Prospectus. The Company will deliver to the Representatives, without charge, from time to time during the period when delivery of the Prospectus is required under the Act, such number of copies of the Prospectus (as supplemented or amended) as the Representatives may reasonably request. The Company

hereby consents to the use of such copies of the Preliminary Prospectus and the Prospectus for purposes permitted by the Act, the Regulations and the securities or Blue Sky laws of the states in which the Shares are offered by the several Underwriters and by all dealers to whom Shares may be sold, both in connection with the offering and sale of the Shares and for such period of time thereafter as the Prospectus is required by the Act to be delivered in connection with sales by any Underwriter or dealer. The Company has furnished or will furnish to the Representatives three original signed copies of the Registration Statement as originally filed and of all amendments and supplements thereto, whether filed before or after the Effective Date, three copies of all exhibits filed therewith and three signed copies of all consents and certificates of experts, and will deliver to the Representatives such number of conformed copies of the Registration Statement, including financial statements and exhibits, and all amendments thereto, as the Representatives may reasonably request.

(e) The Company will comply with the Act, the Regulations, the Exchange Act and the rules and regulations thereunder so as to permit the continuance of sales of and dealings in the Shares for as long as may be necessary to complete the distribution of the Shares as contemplated hereby.

(f) The Company will furnish such information as may be required and otherwise cooperate in the registration or qualification of the Shares, or exemption therefrom, for offering and sale by the several Underwriters and by dealers under the securities or Blue Sky laws of such jurisdictions in which the Representatives determine to offer the Shares, after consultation with the Company, and will file such consents to service of process or other documents necessary or appropriate in order to effect such registration or qualification; provided, however, that no such qualification shall be required in any jurisdiction where, solely as a result thereof, the Company would be subject to taxation or qualification as a foreign corporation doing business in such jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares, in any jurisdiction where it is not now so subject. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for so long a period as is required under the laws of such jurisdictions for such offering and sale.

(g) Subject to subsection 5(b) hereof, in case of any event, at any time within the period during which, in the opinion of counsel for the Underwriters, a prospectus is required to be delivered under the Act and Regulations, as a result of which any Preliminary Prospectus or the Prospectus, as then amended or supplemented, would contain an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or, if it is necessary at any time to amend any Preliminary Prospectus or the Prospectus to comply with the Act and Regulations or any applicable securities or Blue Sky laws, the Company promptly will prepare and file with the SEC, and any applicable state securities commission, an amendment, supplement or document that will correct such statement or omission or effect such compliance and will furnish to the several Underwriters

such number of copies of such amendment(s), supplement(s) or document(s) (in form and substance satisfactory to the Representatives and counsel for the Underwriters) as the Representatives may reasonably request. For purposes of this subsection (g), the Company will provide such information to the Representatives, the Underwriters' counsel and counsel to the Company as shall be necessary to enable such persons to consult with the Company with respect to the need to amend or supplement the Registration Statement, Preliminary Prospectus or Prospectus or file any document, and shall furnish to the Representatives and the Underwriters' counsel such further information as each may from time to time reasonably request.

(h) The Company will make generally available to its security holders not later than 45 days after the end of the period covered thereby, an earnings statement of the Company (which need not be audited unless required by the Act or the Regulations) that shall comply with Section 11(a) of the Act and cover a period of at least 12 consecutive months beginning not later than the first day of the Company's fiscal quarter next following the Effective Date.

(i) For a period of five years following the Effective Date, the Company will furnish to the Representatives copies of all materials furnished by the Company to its Stockholders and all public reports and all reports and financial statements furnished by the Company to the SEC pursuant to the Exchange Act or any rule or regulation of the SEC thereunder.

(j) During the course of the distribution of the Shares, the Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Shares.

(k) The Company has caused each person listed on Schedule V hereto to execute an agreement (a "Lock-up Agreement"), which Lock-up Agreement shall be in form and substance satisfactory to the Representatives and the Underwriters' counsel providing that through the 180th day after the Effective Date, they will not, other than as provided for in the Underwriting Agreement, without the prior written consent of Janney Montgomery Scott Inc., directly or indirectly offer to sell, sell, contract to sell or otherwise transfer or dispose of any Common Shares, any options or warrants to purchase Common Shares, or any securities convertible into or exercisable for any Common Shares owned by them or with respect to which they have the power of disposition (otherwise than in private transactions to their spouse, children, descendants, parents or grandparents or to a trust for the benefit of one or more of such persons, provided that each transferee and other person acquiring an interest in any Common Shares during such 180-day period agrees in writing to be bound by the provisions of the Lock-up Agreement). The Company has delivered such agreements to Janney Montgomery Scott Inc. prior to the date of this Agreement. Appropriate stop transfer instructions will be issued by the Company to the Company's transfer agent for the Common Shares.

(l) The Company will not engage in any transaction with affiliates (as defined in the Regulations) without the prior approval of a majority of the members of its Board of Directors who do not have an interest in such transaction other than in their capacity as directors of the Company.

(m) Except pursuant to the Exchange Agreements, for a period of 180 days after the Effective Date, the Company will not, without the prior written consent of Janney Montgomery Scott Inc. offer, sell, contract to sell or otherwise dispose of any Common Shares or any securities convertible into or exercisable for any Common Shares or, except up to _____ shares pursuant to the Company's [1997 Stock Option Plan,] grant options to purchase any Common Shares.

(n) The Company will use all reasonable efforts to maintain the qualification or listing of the Common Shares (including, without limitation, the Shares) on the Nasdaq National Market.

6. Payment of Fees and Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated and regardless of the reason this Agreement is terminated, the Company will pay or cause to be paid, and bear or cause to be borne, all costs and expenses incident to the performance of the obligations of the Company and the Selling Stockholders under this Agreement, including: (i) the fees and expenses of the accountants and counsel for the Company incurred in the preparation of the Registration Statement and any post-effective amendments thereto (including financial statements and exhibits), Preliminary Prospectuses and the Prospectus and any amendments or supplements thereto, (ii) printing and mailing expenses associated with the Registration Statement and any post-effective amendments thereto, Preliminary Prospectus, the Prospectus, this Agreement, the Agreement Among Underwriters, the Underwriters' Questionnaire submitted to each of the Underwriters by Janney Montgomery Scott Inc. in connection herewith, the power of attorney executed by each of the Underwriters in favor of Janney Montgomery Scott Inc. in connection herewith, the Selected Dealer Agreement and related documents and the preliminary Blue Sky memorandum relating to the offering prepared by Pepper, Hamilton & Scheetz LLP, counsel to the Underwriters (collectively with any supplement thereto, the "Preliminary Blue Sky Memorandum"), (iii) the costs incident to the authentication, issuance, sale and delivery of the Shares to the Underwriters, (iv) the fees, expenses and all other costs of qualifying the Shares for sale under the securities or Blue Sky laws of those states in which the Shares are to be offered or sold, including, without limitation, the reasonable fees (not in excess of \$10,000) and expenses of Underwriters' counsel and such local counsel as may have been reasonably required and retained for such purpose, (v) the fees, expenses and other costs of, or incident to, securing any review or approvals by or from the NASD, including the reasonable fees and expenses of the Underwriters' counsel, (vi) the filing fees of the SEC, (vii) the cost of furnishing to the Underwriters copies of the Registration Statement, Preliminary Prospectuses and Prospectuses as herein provided, (viii) the Company's travel expenses in connection with

meetings with the brokerage community and institutional investors, (ix) the costs and expenses associated with settlement in same day funds (including, but not limited to, interest or cost of funds expenses), if desired by the Company, (x) any fees or costs payable to the Nasdaq Stock Market, Inc. as a result of the offering, (xi) the cost of printing certificates for the Shares; (xii) the cost and charges of any of the Company's transfer agent, (xiii) the costs (not in excess of \$25,000) of advertising the offering, including, without limitation, with respect to the placement of "tombstone" advertisements in publications selected by the Representatives, (xiv) the costs incident to the consummation of the Exchange Agreements and (xv) all other costs and expenses reasonably incident to the performance of the Company's and the Selling Stockholders' obligations hereunder that are not otherwise specifically provided for in this Section 6(a); provided, however, that, except as specifically set forth in Section 6(c) hereof, (A) the Underwriters shall be responsible for their out-of-pocket expenses, including those associated with meetings with the brokerage community and institutional investors, other than the Company's travel expenses, and the fees and expenses of their counsel for other than Blue Sky and NASD representation, and (B) the Selling Stockholders shall be responsible for any transfer or income taxes assessed with respect to the Shares sold by the Selling Stockholders and any fees and expenses of the Selling Stockholders' counsel and such other expenses as are agreed to by the Company and the Selling Stockholders or as may be required by law or regulation, foreign or domestic.

(b) The Company shall pay as due any state registration, qualification and filing fees and any accountable out-of-pocket disbursements in connection with such registration, qualification or filing in the states in which the Representatives determine to offer or sell the Shares.

7. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase and pay for the Firm Shares that it has agreed to purchase hereunder on the Closing Date, and to purchase and pay for any Optional Shares as to which it exercises its right to purchase under Section 4 on an Option Closing Date, is subject at the date hereof, the Closing Date and any Option Closing Date to the continuing accuracy and fulfillment of the representations and warranties of the Company and the Selling Stockholders, to the performance by the Company of its covenants and obligations hereunder, and to the following additional conditions:

(a) If required by the Regulations, the Prospectus shall have been filed with the SEC pursuant to Rule 424(b) of the Regulations within the applicable time period prescribed for such filing by the Regulations; on or prior to the Closing Date or any Option Closing Date, as the case may be, no stop order or other order preventing or suspending the effectiveness of the Registration Statement or the sale of any of the Shares shall have been issued under the Act or any state securities law and no proceedings for that purpose shall have been initiated or shall be pending or, to the Representatives' knowledge or the knowledge of the Company, shall be contemplated by the SEC or by any authority in any jurisdiction designated by the Representatives pursuant to Section 5(f) hereof; and any request

on the part of the SEC for additional information shall have been complied with to the reasonable satisfaction of counsel for the Underwriters.

(b) All corporate proceedings and other matters incident to the authorization, form and validity of this Agreement, the Shares and the form of the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby, shall be satisfactory in all material respects to counsel to the Underwriters. The Exchange shall have been consummated. The Company and the Selling Stockholders shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters. The Representatives shall have received from the Underwriters' counsel, Pepper, Hamilton & Scheetz LLP, an opinion, dated as of the Closing Date and any Option Closing Date, as the case may be, and addressed to the Representatives individually and as the Representatives of the several Underwriters, which opinion shall be satisfactory in all respects to the Representatives.

(c) The NASD shall have indicated that it has no objection to the underwriting arrangements pertaining to the sale of any of the Shares.

(d) The Representatives shall have received a copy of an executed Lock-up Agreement from each person listed on Schedule V hereto.

(e) The Representatives shall have received at or prior to the Closing Date from the Underwriters' counsel a memorandum or summary, in form and substance satisfactory to the Representatives, with respect to the qualification for offering and sale by the Underwriters of the Shares under the securities or Blue Sky laws of such jurisdictions designated by the Representatives pursuant to Section 5(f) hereof.

(f) On the Closing Date and any Option Closing Date, there shall have been delivered to the Representatives signed opinions of Saul, Ewing, Remick & Saul, counsel for the Company and the Selling Stockholders dated as of each such date and addressed to the Representatives individually and as the Representatives of the several Underwriters to the effect set forth in Exhibit B hereto or as is otherwise reasonably satisfactory to the Representatives.

(g) On the Closing Date and any Option Closing Date, there shall have been delivered to the Representatives signed opinions of Ratner & Prestia, patent counsel for the Company dated as of each such date and addressed to the Representatives individually and as the Representatives of the several Underwriters to the effect set forth in Exhibit C hereto or as is otherwise reasonably satisfactory to the Representatives.

(h) At the Closing Date and any Option Closing Date:
(i) the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto shall contain all statements that are required to be stated

therein in accordance with the Act and the Regulations and in all material respects shall conform to the requirements of the Act and the Regulations, and neither the Registration Statement nor any post-effective amendment thereto nor the Prospectus and any amendments or supplements thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto, except as otherwise stated therein, there shall have been no material adverse change in the properties, condition (financial or otherwise), results of operations, stockholders' equity, business or management of the Company and the Subsidiaries, taken as a whole, from that set forth therein, whether or not arising in the ordinary course of business, other than as referred to in the Registration Statement or Prospectus (iii) since the respective dates as of which information is given in the Registration Statement and the Prospectus or any amendment or supplement thereto, there shall have been no event or transaction, contract or agreement entered into by the Company or any of the Subsidiaries, other than in the ordinary course of business and as set forth in the Registration Statement or Prospectus, that has not been, but would be required to be, set forth in the Registration Statement or Prospectus, (iv) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto, there shall have been no material adverse change, loss, reduction, termination or non-renewal of any contract to which the Company or any Subsidiary is a party and (v) no action, suit or proceeding at law or in equity, domestic or foreign, shall be pending or threatened against the Company or any Subsidiary that would be required to be set forth in the Prospectus, other than as set forth therein, and no proceedings shall be pending or threatened against or directly affecting the Company or any Subsidiary before or by any federal, state or other commission, board or administrative agency, domestic or foreign, wherein an unfavorable decision, ruling or finding would materially adversely affect the properties, condition (financial or otherwise), results of operations, stockholders' equity, or business of the Company or the Subsidiaries other than as set forth in the Prospectus.

(i) The Representatives shall have received at the Closing Date and any Option Closing Date certificates of the Chief Executive Officer and the Chief Financial Officer of the Company dated as of the date of the Closing Date or Option Closing Date, as the case may be, and addressed to the Representatives, individually and as the Representatives of the several Underwriters, to the effect that (i) the signers of the certificate have read this Agreement and the representations and warranties of the Company in this Agreement are true and correct in all material respects, as if made at and as of the Closing Date or the Option Closing Date, as the case may be, and the Company has complied in all material respects with all the agreements, fulfilled in all material respects all the covenants and satisfied all the conditions on its part to be performed, fulfilled or satisfied at or prior to the Closing Date or the Option Closing Date, as the case may be, and (ii) the signers of the certificate have examined the Registration Statement and the Prospectus and any amendments or supplements thereto and that the conditions set forth in Section 7(h) of this Agreement have been satisfied.

(j) The Representatives shall have received at the Closing Date and any Option Closing Date certificates of or on behalf of the Selling Stockholders dated as of the date of the Closing Date or Option Closing Date, as the case may be, and addressed to the Representatives, individually and as the Representatives of the several Underwriters, to the effect that (i) the Selling Stockholders have read this Agreement and the representations and warranties of the Selling Stockholders in this Agreement are true and correct in all material respects, as if made at and as of the Closing Date or Option Closing Date, as the case may be, and (ii) the Selling Stockholders have examined the Registration Statement and the Prospectus and any amendments or supplements thereto and that the conditions set forth in Section 7(h) of this Agreement have been satisfied with respect to the Selling Stockholders.

(k) At the time this Agreement is executed and at the Closing Date and any Option Closing Date the Representatives shall have received a letter addressed to the Representatives individually and as the Representatives of the several Underwriters, and in form and substance satisfactory to the Representatives in all respects (including the non-material nature of the changes or decreases, if any, referred to in clause (iii) below) from KPMG Peat Marwick LLP dated as of the date of this Agreement, the Closing Date or the Option Closing Date, as the case may be:

(i) confirming that they are independent certified public accountants within the meaning of the Act and the Regulations and stating that the section of the Registration Statement under the caption "Experts" is correct insofar as it relates to them;

(ii) stating that, in their opinion, the consolidated financial statements, schedules and notes of the Company and the Subsidiaries audited by them and included in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the Regulations;

(iii) stating that, on the basis of specified procedures, which included the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information, as described in SAS No. 71, Interim Financial Information (with respect to the latest unaudited consolidated financial statements of the Company), a reading of the latest available unaudited interim consolidated financial statements of the Company (with an indication of the date of the latest available unaudited interim financial statements), a reading of the minutes of the meetings of the stockholders and the Board of Directors of the Company and the Subsidiaries, and audit and compensation committees of such Boards, if any, and inquiries to certain officers and other employees of the Company and the Subsidiaries responsible for operational, financial and accounting matters and other specified procedures and inquiries, nothing has come to their attention that would cause them to believe that (A) the unaudited consolidated financial statements of the Company included in the Registration Statement, (1) do not comply in form in all material respects with the applicable accounting requirements of the Act and the Regulations, or (2) any material modifications should be made to such unaudited financial statements for them to be in conformity with generally accepted accounting principles; (B) at the date of the latest

available unaudited interim consolidated financial statements of the Company and a specified date not more than five business days prior to the date of such letter, there was any change in the capital stock or debt of the Company or any decrease in net current assets, total assets or stockholders' equity of the Company as compared with the amounts shown in the March 31, 1997 balance sheet of the Company included in the Registration Statement, or that for the periods from April 1, 1997 to the date of the latest available unaudited financial statements of the Company and to a specified date not more than five days prior to the date of the letter, there were any decreases, as compared to the corresponding periods in the prior year, in revenues, gross profit, operating income or total or per share amounts of net earnings, except in all instances for changes, decreases or increases which the Registration Statement discloses have occurred or may occur and except for such other changes, decreases or increases which the Representatives shall in their sole discretion accept; or (C) the unaudited pro forma consolidated financial statements included in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X under the Act and that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements; and

(iv) stating that they have compared specific dollar amounts, numbers of shares and other numerical data and financial information set forth in the Registration Statement that have been specified by the Representatives prior to the date of this Agreement, to the extent that such information is derived from the accounting records subject to the internal control structure, policies and procedures of the Company's or the Subsidiaries' accounting systems, or has been derived directly from such accounting records by analysis or comparison or has been derived from other records and analysis maintained or prepared by the Company or the Subsidiaries with the results obtained from the application of readings, inquiries and other appropriate procedures (which procedures do not constitute an audit in accordance with generally accepted auditing standards) set forth in the letter, and found them to be in agreement.

(l) There shall have been duly tendered to the Representatives for the respective accounts of the Underwriters certificates representing all of the Shares to be purchased by the Underwriters on the Closing Date or any Option Closing Date, as the case may be.

(m) At the Closing Date and any Option Closing Date, the Representatives shall have been furnished such additional documents, information and certificates as they shall have reasonably requested.

(n) The issuance and sale of the Shares shall be legally permitted under applicable Blue Sky or state securities laws so long as such sales are made in accordance with the Preliminary Blue Sky Memorandum.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are satisfactory in form and substance to the

Representatives and Underwriters' counsel. The Company and the Selling Stockholders shall furnish the Representatives with such conformed copies of such opinions, certificates, letters and other documents as they shall reasonably request. If any condition to the Underwriters' obligations hereunder to be fulfilled prior to or at the Closing Date or any Option Closing Date, as the case may be, is not fulfilled, the Representatives may on behalf of the several Underwriters, terminate this Agreement with respect to the Closing Date or such Option Closing Date, as applicable, or, if it so elects, waive any such conditions which have not been fulfilled or extend the time for their fulfillment. Any such termination shall be without liability of the Underwriters to the Company or the Selling Stockholders.

8. Indemnification and Contribution.

(a) The Company and each Selling Stockholder, severally and not jointly, shall indemnify and hold harmless each Underwriter, and each person, if any, who controls each Underwriter within the meaning of the Act, against any and all loss, liability, claim, damage and expense whatsoever, including, but not limited to, any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever or in connection with any investigation or inquiry of, or action or proceeding that may be brought against, the respective indemnified parties, arising out of or based upon any breach of its, his or her respective representations and warranties made in this Agreement and any untrue statements or alleged untrue statements of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, any application or other document (in this Section 8 collectively called "application") executed by the Company and based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify all or any part of the Shares under the securities laws thereof or filed with the SEC or the NASD, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the foregoing indemnity:

(i) shall not apply to statements in or omissions from any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any application or in any communication to the SEC, as the case may be, made in reliance upon and in conformity with information supplied to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein; and

(ii) with respect to any Preliminary Prospectus, shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages, liabilities or expenses purchased the Shares if, at or prior to the written confirmation of the sale of such Shares, a copy of an amended Preliminary Prospectus or the Prospectus (or the Prospectus as amended or supplemented) was delivered to such Underwriter but was not sent, or delivered to such person and the untrue statement or omission of a material fact contained in such Preliminary Prospectus was corrected in the

amended Preliminary Prospectus or Prospectus (or the Prospectus as amended or supplemented).

This indemnity agreement will be in addition to any liability the Company and the Selling Stockholders may otherwise have.

(b) Each Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, each of the directors of the Company, each of the officers of the Company who shall have signed the Registration Statement, each Selling Stockholder, and each other person, if any, who controls the Company or a Selling Stockholder within the meaning of the Act to the same extent as the foregoing indemnities from the Company and the Selling Stockholders to the several Underwriters, but only with respect to any loss, liability, claim, damage or expense resulting from statements or omissions, or alleged statements or omissions, if any, made in any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any application or in any communication to the SEC, as the case may be, made in reliance upon and in conformity with information supplied to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) If any action, inquiry, investigation or proceeding is brought against any person in respect of which indemnity may be sought pursuant to any of the two preceding paragraphs, such person (hereinafter called the "indemnified party") shall, promptly after notification of, or receipt of service of process for, such action, inquiry, investigation or proceeding, notify in writing the party or parties against whom indemnification is to be sought (hereinafter called the "indemnifying party") of the institution of such action, inquiry, investigation or proceeding and the indemnifying party, upon the request of the indemnified party, shall assume the defense of such action, inquiry, investigation or proceeding, including the employment of counsel (reasonably satisfactory to such indemnified party) and payment of expenses. No indemnification provided for in this Section 8 shall be available to any indemnified party who shall fail to give such notice if the indemnifying party does not have knowledge of such action, inquiry, investigation or proceeding, to the extent that such indemnifying party has been materially prejudiced by the failure to give such notice, but the omission to so notify the indemnifying party shall not relieve the indemnifying party otherwise than under this Section 8. Such indemnified party or controlling person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action. If such indemnified party or parties shall have been advised by counsel that there may be a conflict between the positions of the indemnifying party or parties and of the indemnified party or parties or that there may be legal defenses available to such indemnified party or parties different from or in addition to those available to the indemnifying party or parties, the indemnified party or parties shall be entitled to select counsel (such counsel, "Separate Counsel") to conduct the defense to the extent determined by

such counsel to be necessary to protect the interests of the indemnified party or parties and the reasonable fees and expenses of such Separate Counsel shall be borne by the indemnifying party; provided, however, that if the indemnified parties engage more than one Separate Counsel, then the indemnifying party's liability with respect to such Separate Counsel shall be limited, in the aggregate, to an amount equal to the highest amount of reasonable fees and expenses charged or incurred by a single Separate Counsel, which amount shall be divided among the indemnified parties on a pro rata basis in accordance with the relative amounts of reasonable fees and expenses of their respective Separate Counsel. Expenses covered by the indemnification in this Section 8 shall be paid by the indemnifying party as they are incurred by the indemnified party. Anything in this Section 8 to the contrary notwithstanding, the indemnifying party shall not be liable for any settlement of any such claim effected without its written consent.

(d) Each Selling Stockholder's aggregate liability under this Section 8 shall be limited to an amount equal to the lesser of (i) such Selling Stockholder's pro-rata portion of the total of all losses, liabilities, claims, damages or expenses indemnified against (such pro-rata portion being equal to the number of Shares sold by such Selling Stockholder, divided by the total number of Shares sold by all of the Selling Stockholders) or (ii) the net proceeds (before deducting expenses) received by such Selling Stockholder from the sale of such Selling Stockholder's Shares pursuant to this Agreement.

(e) If the indemnification provided for in this Section 8 is unavailable to, or insufficient to hold harmless an indemnified party under Sections 8(a) or (b) hereof in respect of any losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to therein, except by reason of the provisos set forth in Section 8(a) hereof or the failure to give notice as required in Section 8(c) hereof (provided that the indemnifying party does not have knowledge of the action, inquiry, investigation or proceeding and to the extent such party has been materially prejudiced by the failure to give such notice), then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company or the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company or each Selling Stockholder on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, liabilities, claims or reasonable expenses (or actions, inquiries, investigations or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company or each Selling Stockholder on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company or each Selling Stockholder bears to the total

underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or a Selling Stockholder on the one hand or the Underwriters on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(e) were determined by pro rata allocation (even if the Selling Stockholders or the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 8(e). The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or reasonable expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to above in this Section 8(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8(e), (i) the provisions of the Agreement Among Underwriters shall govern contribution among Underwriters, (ii) no Underwriter (except as provided in the Agreement Among Underwriters) shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter, and (iii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' and the Selling Stockholders' obligations in this Section 8(e) to contribute are several in proportion to their individual underwriting obligations and number of Shares sold, respectively, and not joint.

9. Representations and Agreements to Survive Delivery. Except as the context otherwise requires, all representations, warranties and agreements contained in this Agreement shall be deemed to be representations, warranties and agreements at the Closing Date and any Option Closing Date; and such representations, warranties and agreements of the Underwriters, the Company and the Selling Stockholders, including, without limitation, the indemnity and contribution agreements contained in Section 8 hereof and the agreements contained in Sections 6, 9, 10 and 13 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling person, and shall survive delivery of the Shares and termination of this Agreement, whether before or after the Closing Date or any Option Closing Date.

10. Effective Date of This Agreement and Termination Hereof.

(a) This Agreement shall become effective at 10:00 a.m., Philadelphia, Pennsylvania time, on the first business day following the Effective Date or at the time of the public offering by the Underwriters of the Shares, whichever is earlier, except

that the provisions of Sections 6, 8, 9, 10 and 13 hereof shall be effective upon execution hereof. The time of the public offering, for the purpose of this Section 10, shall mean the time when any of the Shares are first released by the Underwriters for offering by dealers. The Representatives may prevent the provisions of this Agreement (other than those contained in Sections 6, 8, 9, 10 and 13) hereof from becoming effective without liability of any party to any other party, except as noted below, by giving the notice indicated in Section 10(c) hereof before the time the other provisions of this Agreement become effective.

(b) The Representatives shall have the right to terminate this Agreement at any time prior to the Closing Date as provided in Sections 7 and 11 hereof or if any of the following have occurred:

(i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company or its Subsidiaries, or the earnings, business affairs, management or business prospects of the Company or its Subsidiaries, whether or not arising in the ordinary course of business, that would, in the Representatives' reasonable judgment, make the offering or delivery of the Shares impracticable;

(ii) any outbreak of hostilities or other national or international calamity or crisis or change in economic, political or financial market conditions if the effect on the financial markets of the United States of such outbreak, calamity, crisis or change is material and adverse and would, in the Representatives' reasonable judgment, make the offering or delivery of the Shares impracticable;

(iii) suspension of trading generally in securities on the New York Stock Exchange, the American Stock Exchange, the Nasdaq Stock Market or the over-the-counter market or limitation on prices (other than limitations on hours or numbers of days of trading) for securities or the promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority that in the Representatives' reasonable opinion materially and adversely affects trading on such exchange or the over-the-counter market;

(iv) declaration of a banking moratorium by either federal or Pennsylvania state authorities;

(v) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs that in the Representatives' reasonable opinion has a material adverse effect on the securities markets in the United States; or

(vi) trading in any securities of the Company shall have been suspended or halted by the Nasdaq Stock Market or the SEC.

(c) If the Representatives elect to prevent this Agreement from becoming effective or to terminate this Agreement as provided in this Section 10, the Representatives shall notify the Company and the Selling Stockholders thereof promptly by telephone, telex, telegraph, telegram or facsimile, confirmed by letter.

11. Default by an Underwriter.

(a) If any Underwriter or Underwriters shall default in its or their obligation to purchase Firm Shares or Optional Shares hereunder, and if the Firm Shares or Optional Shares with respect to which such default relates do not exceed the aggregate of 10% of the number of Firm Shares or Optional Shares, as the case may be, that all Underwriters have agreed to purchase hereunder, then such Firm Shares or Optional Shares to which the default relates shall be purchased severally by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

(b) If such default relates to more than 10% of the Firm Shares or Optional Shares, as the case may be, the Representatives may, in their discretion, arrange for another party or parties (including a non-defaulting Underwriter) to purchase such Firm Shares or Optional Shares to which such default relates, on the terms contained herein. In the event that the Representatives do not arrange for the purchase of the Firm Shares or Optional Shares to which a default relates as provided in this Section 11, this Agreement may be terminated by the Representatives or by the Company without liability on the part of the several Underwriters (except as provided in Section 8 hereof) or the Company (except as provided in Sections 6 and 8 hereof), but nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other several Underwriters and to the Company for damages occasioned by its default hereunder.

(c) If the Firm Shares or Optional Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Representatives or the Company shall have the right to postpone the Closing Date or any Option Closing Date, as the case may be, for a reasonable period but not in any event exceeding seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement or supplement to the Prospectus that in the opinion of counsel for the Underwriters may thereby be made necessary. The terms "Underwriters" and "Underwriter" as used in this Agreement shall include any party substituted under this Section 11 with like effect as if it had originally been a party to this Agreement with respect to such Firm Shares and/or Optional Shares.

12. Information Furnished by Underwriters. The statement set forth on the inside cover page regarding stabilization and under the caption "Underwriting" (except for the [fourth to last and second to last] paragraphs thereunder) in any Preliminary Prospectus and the Prospectus constitute the only written

information furnished by or on behalf of any Underwriter referred to in Sections 1(a)(ii) and 8 hereof.

13. Notice. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and, if sent to any Underwriter, shall be mailed, delivered, telexed, telegraphed or telecopied and confirmed to such Underwriter, c/o Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania 19103, Attention: Mr. Michael J. Mufson, with a copy to Pepper, Hamilton & Scheetz LLP, 3000 Two Logan Square, Philadelphia, Pennsylvania 19103, Attention: Barry M. Abelson, Esquire; if sent to the Company shall be mailed, delivered, telexed, telegraphed or telecopied and confirmed to inTEST Corporation, 2 Pin Oak Lane, Cherry Hill, New Jersey 08003, Attention: Alyn R. Holt, with a copy to Saul, Ewing, Remick & Saul, 3800 Center Square West, Philadelphia, Pennsylvania 19102, Attention: James W. Schwartz, Esquire; if sent to the Selling Stockholders shall be mailed, delivered, telexed, telegraphed or telecopied and confirmed to Alyn R. Holt or Hugh T. Regan, Jr., as Attorney-in-Fact, c/o inTEST Corporation, (at the address listed above), with a copy to Saul, Ewing, Remick & Saul Attention: James W. Schwartz, Esquire, (at the address listed above).

14. Parties. This Agreement shall inure solely to the benefit of, and shall be binding upon, the several Underwriters, the Company, the Subsidiaries, the Selling Stockholders and the controlling persons, directors and officers thereof, and their respective successors, assigns, heirs and legal representatives, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained. The terms "successors" and "assigns" shall not include any purchaser of the Shares merely because of such purchase.

In all dealings with the Company and the Selling Stockholders under this Agreement, the Representatives shall act on behalf of each of the several Underwriters, and the Company and the Selling Stockholders shall be entitled to act and rely upon any statement, request, notice or agreement made or given by the Representatives jointly or by Janney Montgomery Scott Inc. on behalf of the Representatives.

15. Definition of Business Day. For purposes of this Agreement, "business day" means any day on which the Nasdaq National Market is opened for trading.

16. Counterparts. This Agreement may be executed in one or more counterparts and by facsimile signatures and all such counterparts and facsimile signatures will constitute one and the same instrument.

17. Construction. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and performed entirely within such Commonwealth. All references herein to the knowledge of the Company shall be deemed to include the knowledge of each of the Subsidiaries.

If the foregoing correctly sets forth your understanding of our agreement, please sign and return to the Company the enclosed duplicate hereof, whereupon it will become a binding agreement in accordance with its terms.

Very truly yours,

INTEST CORPORATION

By: _____
Alyn R. Holt
Chairman of the Board and Chief
Executive Officer

THE SELLING STOCKHOLDERS

By: _____
Attorney-in-Fact, acting on behalf of each
of the Selling Stockholders named in
Schedule II hereto.

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

JANNEY MONTGOMERY SCOTT INC.
NEEDHAM & COMPANY, INC.
As Representatives of the Several Underwriters
named in Schedule I hereto

By: JANNEY MONTGOMERY SCOTT INC.

By: _____
Authorized Representative

JOINDER

Each of the Subsidiaries, intending to be legally bound, hereby joins this Agreement for purposes of Sections 1 and 9 hereof.

INTEST LIMITED

By:
Title:

INTEST KABUSHIKI KAISHA

By:
Title:

INTEST PTE, LIMITED

By:
Title:

[DELAWARE SUB]

By:
Title:

[DELAWARE SUB]

By:
Title:

SCHEDULE I

Schedule of Underwriters

Underwriter -----	Number of Firm Shares to be Purchased -----	Number of Optional Shares to be Purchased -----
Janney Montgomery Scott Inc., Philadelphia, PA Needham & Company, Inc. New York, NY		
Total	=====	=====

SCHEDULE II

Schedule of Selling Stockholders

Selling Stockholder -----	Number of Firm Shares to be Sold -----	Number of Optional Shares to be Sold -----
Total	=====	=====

SCHEDULE III

List of Subsidiary Stockholders

SCHEDULE IV

Stockholder NASD Affiliations

SCHEDULE V

List of Persons Who Are to Deliver Lock-Up
Agreements Called for Under Sections 5(k) and 7(d)

EXHIBIT A

Subsidiaries of the Company, Jurisdiction
of Incorporation and Percentage Ownership by the Company

Subsidiary -----	Jurisdiction -----	% Ownership -----
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EXHIBIT B

Matters to be Covered in the Opinion of
Saul, Ewing, Remick & Saul
Counsel for the Company

(1) The Company is a corporation duly organized, validly existing and in good standing under the laws of Delaware, with full power and authority to conduct all of the activities conducted by it, own or lease all of the assets owned or leased by it, and conduct its business all as described in the Registration Statement and the Prospectus; and is duly licensed or qualified to do business and in good standing as a foreign corporation in all jurisdictions, domestic or foreign, in which the nature of the activities conducted by it and/or the character of the assets owned and leased by it makes such qualification or license necessary.

(2) Each of the Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, domestic or foreign, with full power and authority to conduct all of the activities conducted by it, own or lease all of the assets owned or leased by it, and conduct its business all as described in the Registration Statement and the Prospectus; and is duly licensed or qualified to do business and in good standing as a foreign corporation in all jurisdictions, domestic or foreign, in which the nature of the activities conducted by it and/or the character of the assets owned and leased by it makes such qualification or license necessary;

(3) No authorization, approval, consent or license of any governmental or regulatory body, domestic or foreign, except as may be required under the Act or the blue sky laws of the various jurisdictions, is required in connection with the (A) authorization, issuance, transfer, sale or delivery of the Shares to be sold by the Company; (B) execution, delivery and performance of the Agreement by the Company or (C) taking of any action contemplated herein or in the Registration Statement or the Prospectus, including, without limitation, the Exchange Agreements, or if so required, all such authorizations, approvals, consents and licenses, specifying the same, have been obtained and are in full force and effect and have been disclosed to the Representatives.

(4) The Company has authorized and outstanding capital stock, stock options and other derivative securities as set forth in the Registration Statement and the Prospectus. The outstanding shares of the Common Stock, including the shares of the Common Stock issued pursuant to the Exchange Agreements, have been, and all of the Shares will be, upon issuance and payment therefor, duly authorized, validly issued, fully paid and nonassessable, are not subject to preemptive rights and have not been issued in violation of any statutory preemptive rights or similar contractual rights. The holders of shares of the Common Stock are not and will not be subject to personal liability solely by reason of being such holders. The issue and sale of the Shares by the Company have been duly and validly authorized. The Common Stock has been duly authorized for quotation or listing on the Nasdaq National Market. All issuances, including the shares of Common Stock issued

pursuant to the Exchange Agreement, and repurchases of securities of the Company and the Subsidiaries by the Company and the Subsidiaries were exempt from, or complied in all material respects with, the provisions of all applicable federal, state and foreign securities and corporate laws.

(5) No holder of any securities of the Company has the right to require registration of shares of the Common Stock or other securities of the Company. The description of the Common Stock and the Shares contained in the Registration Statement and the Prospectus conforms to the rights set forth in the instruments or certificates defining the same and is in conformity with the requirements of the Act and the Regulations.

(6) The Company is not an "investment company" as defined in Section 3(a) of the Investment Company Act and, if the Company conducts its business as set forth in the Registration Statement and the Prospectus, will not become an "investment company" and will not be required to register under the Investment Company Act; the Company has not, prior to the date of the Prospectus, been required to make any filings pursuant to the Exchange Act.

(7) The Company has full power and authority to enter into the Agreement, and the Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms, except insofar as rights to indemnity or contribution may be limited by applicable law or equitable principles, and except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting creditors' rights generally or by general equitable principles.

(8) Nothing has come to such counsel's attention to give such counsel reason to believe that any of the representations and warranties of the Company or the Selling Stockholders contained in the Agreement or in any certificate or document contemplated under the Agreement to be delivered is not true or correct or that any of the covenants and agreements contained in the Agreement or in any such certificate or document to be performed on the part of the Company or any of the respective conditions contained in the Agreement or in any such certificate or document, or set forth in the Registration Statement or the Prospectus, to be fulfilled or complied with by the Company has not been or will not be duly and timely performed, fulfilled or complied with in any material respect.

(9) The Registration Statement and the Prospectus, and each amendment thereof or supplement thereto, comply as to form and substance with, and are responsive in all material respects to, the requirements of the Act and the Rules and Regulations (except that no opinion need be expressed as to matters concerning financial statements and other financial data and related notes, schedules and financial or statistical data contained in the Registration Statement or the Prospectus).

(10) Such counsel has participated in the preparation of the Registration Statement and the Prospectus and nothing has come to the attention of such counsel to lead it to believe that, both as of the Effective Date and as of the Closing Date and any Option

Closing Date, either the Registration Statement or the Prospectus, or any amendment or supplement thereto, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion need be expressed as to matters concerning financial statements and other financial data and related notes, schedules and financial or statistical data contained in the Registration Statement or the Prospectus).

(11) Such counsel has read all contracts specifically enumerated in the Registration Statement and the Prospectus, and such contracts are fairly summarized or described therein, conform in all material respects to the descriptions thereof contained therein, and are filed as exhibits thereto, if required, and there are no contracts or documents required to be so summarized or disclosed or so filed which have not been so summarized or disclosed or so filed.

(12) The Registration Statement has become effective under the Act, and (A) no stop order suspending the effectiveness of the Registration Statement has been issued and (B) to the best of such counsel's knowledge, no proceedings for that purpose have been instituted or are threatened, pending or contemplated. The opinion delivered at the Closing Date shall state that all filings required by Rule 424 and Rule 430A of the Rules and Regulations have been made, to the extent that such rules are utilized.

(13) The Exchange has been consummated and the Shares to be issued pursuant thereto have been duly issued in accordance therewith. The outstanding shares of capital stock or other evidence of ownership of the Subsidiaries are duly authorized, validly issued, fully paid and non-assessable, are not subject to preemptive rights and have not been issued in violation of any statutory preemptive rights or similar contractual rights. The Company, to the knowledge of such counsel, owns 100% of the capital stock of the Subsidiaries, in all cases, free and clear of all liens, encumbrances and security interests.

(14) The execution and delivery of the Agreement by the Company and the Subsidiaries, the consummation by the Company and the Subsidiaries of the transactions herein contemplated, including, without limitation, the Exchange Agreements, and the compliance with the terms of this Agreement do not and will not conflict with or result in a breach of any of the terms or provisions of or violate or constitute a default under, the Certificate of Incorporation or Bylaws or other constituent documents, domestic or foreign, of the Company or the Subsidiaries, or any indenture, mortgage or other agreement or instrument to which the Company or the Subsidiaries is a party or by which the Company or the Subsidiaries or any material portion of its properties is bound of which counsel has knowledge, or any existing statute, rule or regulation, or any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Subsidiaries or any material portion of its properties.

(15) All real and personal property described in the Registration Statement and Prospectus as being leased by the Company or the Subsidiaries is held by the Company under valid leases.

(16) There are no legal proceedings pending or, to the knowledge of such counsel, threatened against the Company or the Subsidiaries which are required to be disclosed in the Registration Statement, except as described therein.

(17) Except as described in the Prospectus, the Company or the Subsidiaries does not own any interest in any corporation, partnership, joint venture, trust or other business entity.

(18) Each Selling Stockholder has full power and authority to enter into the Agreement and the Power of Attorney and Custody Agreement (the "Custody Agreement"). All authorizations and consents necessary for the execution and delivery of the Agreement and the Custody Agreement on behalf of each Selling Stockholder have been given. The delivery of the Shares on behalf of each Selling Stockholder pursuant to the terms of the Agreement and payment therefor by the Underwriters will pass marketable title to the Shares to the Underwriters, free and clear of all liens, encumbrances and claims.

(19) Each of the Agreement and the Custody Agreement has been duly authorized, executed and delivered by each Selling Stockholder, is a valid and binding agreement of each Selling Stockholder and the Agreement and the Custody Agreement are enforceable against each Selling Stockholder in accordance with the terms thereof, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting creditors' rights generally or by general equitable principals.

(20) No consent, approval, authorization or order of, or any filing or declaration with, any court or governmental agency or body, domestic or foreign, is required in connection with the authorization, issuance, transfer, sale or delivery of the Shares by or on behalf of each Selling Stockholder, in connection with the execution, delivery and performance of the Agreement and the Custody Agreement by each Selling Stockholder or in connection with the taking by or on behalf of each Selling Stockholder of any action contemplated thereby or, if so required, all such consents, approvals, authorizations and orders, specifying the same, have been obtained and are in full force and effect, except such as have been obtained under the Act or the Regulations.

(21) The execution and delivery of the Agreement and the Custody Agreement by each Selling Stockholder, the consummation by each Selling Stockholder of the transactions herein contemplated and the compliance by each Selling Stockholder with the terms thereof do not and will not result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of any Selling Stockholder pursuant to the terms or provisions of, or result in a breach or violation of any of the terms or provisions of, or constitute a default under or result in the acceleration of any obligation under, any indenture, mortgage, deed of trust, voting trust agreement, loan agreement, bond, debenture, note agreement or other evidence of indebtedness, lease, contract or other agreement or instrument to which any Selling Stockholder is a party or by which it or any of its properties is bound or affected which is known to such counsel, or any, domestic or foreign, statute, judgment, ruling, decree, order, rule or regulation of any, domestic or foreign, court or other governmental agency or body applicable to each Selling Stockholder.

(22) There are no transfer or similar taxes payable in connection with the sale and delivery of the Shares by each Selling Stockholder to the Underwriters, except as specified in such opinion.

In rendering such opinions, counsel for the Company may set forth that as to certain matters of fact, such counsel is relying on one or more certificates of public officials, governmental agencies or officers of the Company. In addition, as to matters of law, counsel for the Company may rely as to matters involving the application of laws other than the laws of the United States, the laws of New Jersey, the laws of Pennsylvania, the laws of Delaware and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance satisfactory to the Underwriters' counsel) of other counsel reasonably acceptable to the Underwriters' counsel, familiar with the applicable laws.

Unless the context clearly indicates otherwise, the term "Company" as used in this Exhibit, shall include the Subsidiaries. The opinion of counsel for the Company shall include a statement to the effect that it may be relied upon by counsel for the Underwriters in their opinion delivered to the Underwriters.

EXHIBIT C

Matters to be Covered in the Opinion of
Ratner & Prestia
Patent Counsel for the Company

(1) The statements in the Prospectus under the headings "Risk Factors -- Uncertainty of Patents and Proprietary Rights; Risk of Litigation"; "Business -- Patents and Other Proprietary Rights"; "Business - Competition" and "Experts" insofar as such statements constitute summary descriptions of the legal matters, documents, proceedings or descriptions referred to therein, fairly present the information called for with respect to such legal matters, documents, proceedings or descriptions. To our knowledge, except as described in the Prospectus, neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with (and we know of no infringement of or conflict with) asserted rights of others in any patents, trade secrets, copyrights, trademarks, service marks or trade names. To our knowledge, except as set forth in the Prospectus, there is no infringement or violation by others of any of the Company's patents, trade secrets, copyrights, trademarks, service marks or trade names. Except as set forth in the Prospectus, to our knowledge there are no legal or governmental proceedings pending or threatened related to patents, trade secrets, copyrights, trademarks, service marks or trade names of others to which the Company or any of its subsidiaries is a party or, except for ordinary proceedings initiated by the Company or any of its subsidiaries seeking statutory rights, registrations or certifications from governmental authorities, to which any intellectual property of the Company or any of its subsidiaries is subject.

(2) To our knowledge there is no contract or other document relating to patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks or trade names of a character required to be filed as an exhibit to the Registration Statement or required to be described in the Prospectus that is not filed or described as required.

(3) Attached hereto as Schedule A is an accurate and complete list describing all patents issued to, and all patent applications filed on behalf of, the Company or any of its subsidiaries with the U.S. Patent and Trademark Office or with patent authorities in other countries. It is our opinion that, based on the declarations of the named inventor(s) in the applications and our investigation of the facts concerning the inventions by such inventor(s), the named inventor(s) are the original and first inventor(s) of the subject matter which is claimed. We are not aware of any other patents issued to, or patent applications filed by or on behalf of, the Company or any of its subsidiaries. On the basis of our review of assignments executed by the inventors, it is our opinion that all the inventors have assigned all their right, title and interest in the applications and the patents listed on Schedule A to the Company or its subsidiaries. It is our opinion that the patents listed on Schedule A are valid and enforceable and we are not aware of any information that would render the patents, or any of the claims therein, invalid or unenforceable. Further, except as set forth in the Prospectus, we are not aware of any actions brought or threatened by any party alleging the invalidity or unenforceability of the patents listed

on Schedule A. It is our opinion that neither U.S. Patent 4,230,985, issued on October 28, 1980 to Matrone et al., nor U.S. Patent 4,284,311, issued on August 8, 1981 to Forster et al., whether such patents are taken alone, together or in combination with any other prior art known to us, will result in the invalidation of any of the claims of U.S. Patent 4,589,815, issued on May 20, 1986, which is currently undergoing reexamination in the U.S. Patent and Trademark Office. It is our opinion that the Company has not or is not infringing U.S. Patent 4,230,985, issued on October 28, 1980 to Matrone et al., nor U.S. Patent 4,284,311, issued on August 8, 1981 to Forster et al.

(4) To our knowledge: (i) the Company and its subsidiaries own, or are licensed or otherwise possess adequate rights to use, all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights (collectively "Intellectual Property") which are used in or necessary for the conduct of their respective businesses as described in the Prospectus, except as otherwise described in the Prospectus, no claims have been asserted by any person to the use of any Intellectual Property or challenging or questioning the validity or effectiveness of any Intellectual Property; and (ii) the use, in connection with the business and operations of the Company and its subsidiaries, of any Intellectual Property does not infringe on the rights of any person to the extent that an unfavorable decision, ruling or finding as to such infringement could materially adversely affect the business, properties, financial condition or results of operations of the Company and its subsidiaries taken as a whole.

(5) We hereby consent to the reference to our firm under the heading "Experts" in the Prospectus.

CERTIFICATE OF INCORPORATION

of

inTEST CORPORATION

The undersigned, a natural person, for the purpose of organizing a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 8 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "General Corporation Law of the State of Delaware"), hereby states that:

FIRST: Name. The name of the corporation (hereinafter called the "Corporation") is: inTEST Corporation.

SECOND: Registered Office and Agent. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The name of its registered agent at such address is CT Corporation System.

THIRD: Purpose and Powers. The nature of the business and the objects or purposes to be transacted, promoted or carried on are:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware and to do all things and exercise all powers, rights and privileges that a business corporation may now or hereafter be organized or authorized to do or to exercise under the laws of the State of Delaware.

FOURTH: Capital.

A. Authorized Shares. The total number of shares of stock that the Corporation shall have authority to issue is 25,000,000 shares, consisting of 20,000,000 shares of Common Stock, having a par value of \$.01 per share, and 5,000,000 shares of Preferred Stock, having a par value of \$.01 per share.

B. The Preferred Stock. The Preferred Stock may be issued from time to time in one or more series of any number of shares of Preferred Stock herein authorized. Each series of Preferred Stock shall be distinctly designated by letter or descriptive words. Authority is hereby vested in the Board of Directors to issue from time to time the Preferred Stock as Preferred Stock of any series and in connection with the creation of such series to fix by resolution or resolutions providing for the issue of shares thereof the voting rights, if any, the designations, preferences and relative, participating, optional or other special rights, and, qualifications, or restrictions of such series to the full extent now or hereafter permitted by this Certificate of Incorporation and laws of the State of Delaware.

C. Voting.

1. Voting Rights. In addition to any voting rights to which they may be entitled under the laws of the State of Delaware, the holders of shares of the Preferred Stock (to the extent they have voting rights) and the holders of shares of the Common Stock shall vote, as a single class, upon all matters upon which stockholders are entitled to vote. Each share of Common Stock shall be entitled to one vote. The holders of shares of stock which do not have voting rights shall not have the right to vote in the election of directors or for any other purpose and shall not be entitled to notice of any meeting of stockholders.

2. Cumulative Voting. There shall be no cumulative voting rights.

3. Voting by Ballot. Elections of directors need not be by ballot unless the Bylaws of the Corporation provide otherwise.

D. Preemptive Rights. Except as otherwise provided in this Certificate of Incorporation, the holders of the Preferred Stock and the holders of the Common Stock shall have no preemptive rights to subscribe for any shares of any class of stock of the Corporation whether now or hereafter authorized.

E. Dividends. The holders of the Common Stock shall be entitled, in any calendar year, to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, such dividends as may be declared or paid or set apart for payment to the holders of the Common Stock.

F. Liquidation and Dissolution. Except as otherwise provided in this Certificate of Incorporation, upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Common Stock shall be ratably entitled to receive, out of the assets of the Corporation available for distribution to the holders of the Common Stock, whether from surplus or earnings, the remaining assets and funds of the Corporation. Neither the consolidation nor merger of the Corporation with or into any other corporation or corporations, nor the sale of all or substantially all of the assets of the Corporation shall be deemed to be a liquidation or dissolution or winding up of the Corporation within the meaning of this paragraph.

G. Repurchase of Stock. Upon any repurchase or reacquisition of the shares of the Common Stock, the shares so repurchased or reacquired shall resume and have the status of authorized and unissued shares of Common Stock, and the number of shares of Common Stock which the Corporation shall have authority to issue shall not be decreased by the repurchase or reacquisition of such shares.

FIFTH: Incorporator. The name and mailing address of the incorporator is as follows:

Name	Mailing Address
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James W. Schwartz	Saul, Ewing, Remick & Saul 3800 Centre Square West Philadelphia, PA 19102

SIXTH: Term. The Corporation is to have perpetual existence.

SEVENTH: Liability of Stockholders. The stockholders shall not be personally liable for the payment of the debts of the Corporation.

EIGHTH: Additional Powers of Board of Directors. The Board of Directors shall have power, without stockholder action, to make Bylaws for the Corporation and to amend, alter or repeal any Bylaws.

The powers and authorities herein conferred upon the Board of Directors are in furtherance and not in limitation of those conferred by the laws of the State of Delaware. In addition to the powers and authorities herein or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware, of this Certificate of Incorporation and of the Bylaws of the Corporation.

NINTH: Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then, without further action by the Board of Directors or the stockholders, the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Article NINTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

TENTH: Elections; Books of the Corporation. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide. The books of the Corporation may be kept (subject to any requirement of law) outside the State of Delaware at

such place or places as may be designated from time to time by the Board of Directors or in the bylaws of the Corporation.

ELEVENTH: Right to Amend Certificate of Incorporation. The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation. In addition, other provisions, authorized by the laws of the State of Delaware at the time in force, may be added or inserted in this Certificate of Incorporation, in the manner now or hereafter prescribed by law. All rights, preferences and privileges of whatever nature conferred upon stockholders, directors or any other person whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended shall be subject to the right of the Corporation reserved in this Article ELEVENTH.

THE UNDERSIGNED, being the sole incorporator hereinbefore named, does hereby make this Certificate of Incorporation, declaring and acknowledging that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 21st day of March, 1997.

/s/ James W. Schwartz

James W. Schwartz

BYLAWS
OF
inTEST CORPORATION

ARTICLE I
Stockholders

Section 1.1. Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

Section 1.2. Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors or at the request in writing of stockholders owning at least fifty percent (50%) of the voting power of the shares of stock of the corporation entitled to vote at such meeting. The business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice for the meeting transmitted to stockholders.

Section 1.3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given that shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the certificate of incorporation or these bylaws, the written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

Section 1.4. Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5. Quorum. Except as otherwise provided by law, the certificate of incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled

to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present and entitled to vote thereat may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 1.4 of these bylaws until a quorum shall attend. Shares of the corporation's stock owned by it or another corporation if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in his absence by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the person presiding over the meeting may appoint any person to act as secretary of the meeting. The person presiding over the meeting shall announce at the meeting of stockholders the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote.

Section 1.7. Voting; Proxies. Except as otherwise provided by the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one (1) vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing with the Secretary of the corporation an instrument in writing revoking the proxy or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary of the corporation. Voting at meetings of stockholders need not be by written ballot. At all meetings of stockholders for the election of directors a plurality of the votes cast shall be sufficient to elect. All other elections and questions shall, unless otherwise provided by law, the certificate of incorporation or these bylaws, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock which are present in person or by proxy and entitled to vote thereon.

Section 1.8. Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change,

conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; (ii) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (iii) in the case of determination of stockholders for the purpose of any other lawful action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (x) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (y) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (z) the record date for determining stockholders for the purpose of any other lawful action, shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.9. List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. Upon the willful neglect or refusal of the directors to produce such a list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled (i) to examine the stock ledger, the list of stockholders entitled to vote at the meeting or the books of the corporation, (ii) to vote in person or by proxy at any meeting of stockholders, or (iii) to express consent or dissent to corporate action in writing without a meeting.

Section 1.10. Action By Consent of Stockholders. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered (by hand or by certified or registered mail, return receipt requested) to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which minutes of proceedings of meetings of stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to receive notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the corporation as provided herein.

Section 1.11. Inspectors of Election. The corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one (1) or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one (1) or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of the stockholders, the person presiding at the meeting shall appoint one (1) or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspector's or inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.12. Conduct of Meetings. The Board of Directors of the corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to

do all such acts as, in the judgment of such person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the person presiding over the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II

Board of Directors

Section 2.1. Number; Qualifications. The Board of Directors shall consist of such number of members as may be determined from time to time by resolution of the Board of Directors which number shall not be less than five (5). Directors need not be stockholders of the corporation.

Section 2.2. Election; Resignation; Removal; Vacancies. Each director shall hold office until his successor is elected and qualified or until his earlier death, resignation, or removal. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors each of whom shall hold office until his successor is elected and qualified or until his earlier death, resignation, or removal. Any director may resign at any time upon written notice to the corporation. Any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced, or until his successor is elected and qualified, or until his earlier death, resignation, or removal.

Section 2.3. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

Section 2.4. Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman of the Board, the President, the Secretary, or on the written request of one half or more of the members of the Board of Directors stating the purpose or purposes for which

such meeting is requested. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four (24) hours before the special meeting either personally, or by courier, telephone, facsimile or mail.

Section 2.5. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this bylaw shall constitute presence in person at such meeting.

Section 2.6. Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the certificate of incorporation, these bylaws or applicable law otherwise provides, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in the absence of the foregoing persons by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the person presiding over the meeting may appoint any person to act as secretary of the meeting.

Section 2.8. Informal Action by Directors. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

ARTICLE III

Committees

Section 3.1. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the corporation. The Board of Directors may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the

extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. A majority of the members shall constitute a quorum and all matters shall be determined by a majority vote of the members present.

Section 3.2. Committee Minutes. Each committee shall keep regular minutes of its meetings and shall file such minutes and all written consents executed by its members with the Secretary of the corporation.

Section 3.3. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these bylaws.

ARTICLE IV

Officers

Section 4.1. Executive Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The Board of Directors shall elect a President and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose one (1) or more Vice Presidents, one (1) or more Assistant Secretaries, a Treasurer and one (1) or more Assistant Treasurers, and one (1) or more other officers having such titles, and such powers and duties as the Board may provide and, to the extent not so provided, such powers and duties as may generally pertain to such office(s). Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his election, and until his successor is elected and qualified or until his earlier death, resignation, or removal. Any officer may resign at any time upon written notice to the corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the corporation by death, resignation, removal, or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.2. Powers and Duties of Executive Officers.

(i) President. The President shall be the chief executive officer of the corporation. Subject to the provisions of the certificate of incorporation, these bylaws,

and the direction of the Board of Directors, the President shall have the responsibility for the general management and control of the business and affairs of the corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. The President shall have power to execute in the name of the corporation all contracts, agreements, deeds, bonds, mortgages, and other obligations and instruments of the corporation which are authorized, and to affix the corporate seal thereto. The President shall have general supervision and direction of all of the other officers, employees, and agents of the corporation.

(ii) Vice President. Each Vice President, if any, shall have such powers and perform such duties as the Board of Directors may from time to time prescribe. The Vice President (if only one (1) Vice President is chosen by the Board) or one (1) Vice President designated by the Board (if two (2) or more Vice Presidents are chosen by the Board of Directors) shall perform the duties and exercise the powers of the President in the event of the President's absence or disability.

(iii) Treasurer. The Treasurer, if any, shall have the responsibility for maintaining the financial records of the corporation. The Treasurer shall make such disbursements of the funds of the corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the corporation. The Treasurer shall have such other powers and perform such other duties as the Board of Directors may from time to time prescribe.

(iv) Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and of the Board of Directors. The Secretary shall have charge of the corporate books and shall have such other powers and perform such other duties as the Board of Directors may from time to time prescribe.

(v) Assistant Secretary and Assistant Treasurer. Each Assistant Secretary, if any, and each Assistant Treasurer, if any, shall have such powers and perform such duties as the Board of Directors may from time to time prescribe.

(vi) Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE V

Stock

Section 5.1. Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the Board

of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation representing the number of shares owned by him in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.3. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person or persons registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

Indemnification

Section 6.1. Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to employee benefit plans (an "indemnitee"), against all liability and loss suffered (including, without limitation, fines and amounts paid in settlement) and expenses (including, without limitation, attorneys' fees) reasonably incurred by such indemnitee in connection with such action, suit or proceeding (including any such expenses incurred in connection with such person's successful application for, or any action brought to enforce such person's right to indemnification or advancement of expenses, provided for in this Article) to the extent the power to so indemnify has been or

may be granted by statute. For this purpose, (i) the Board of Directors by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, independent legal counsel in a written opinion, or (iii) the stockholders, may, and upon the request of any such person shall, determine in each case whether or not the applicable standards set forth in any statute have been met. The corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized by the Board of Directors of the corporation.

Section 6.2. Advancement of Expenses. The corporation shall pay the expenses (including, without limitation, attorneys' fees) incurred by a director or officer of the corporation in defending any proceeding referred to in Section 6.1 in advance of its final disposition; provided, however, that the payment of expenses incurred by such person in advance of the final disposition of such proceeding shall be made only upon receipt of an undertaking by such person to repay all amounts advanced if it should ultimately be determined that such person is not entitled to be indemnified under this Article or otherwise, except that no such advance payment will be required if it is determined by the Board of Directors that there is a substantial probability that such person will not be able to repay the advance payments. Expenses incurred in such circumstances by other employees and other persons who may be entitled to indemnification hereunder may be paid in advance by the corporation upon such terms and conditions, if any, as the Board of Directors deems appropriate.

Section 6.3. Non-Exclusivity of Rights. The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.4. Other Indemnification. The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect (i) as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity or (ii) as beneficiary of, or insured under, any policy of insurance insuring against such liabilities and expenses covered by this Article.

Section 6.5. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE VII

Miscellaneous

Section 7.1. Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 7.2. Seal. The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 7.4. Interested Directors; Quorum. No contract or transaction between the corporation and one (1) or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one (1) or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 7.5. Form of Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs,

microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.

Section 7.6. Amendment of By-Laws. These by-laws may be altered or repealed, and new bylaws made, by the Board of Directors to the extent permitted by the certificate of incorporation, but the stockholders may make additional bylaws and may alter and repeal any bylaws whether adopted by them or otherwise.

Amended and Restated Loan Agreement

THIS AMENDED AND RESTATED LOAN AGREEMENT (the "Agreement"), is entered into as of June __, 1996, between INTEST CORPORATION, a New Jersey corporation (the "Borrower"), and PNC BANK, NATIONAL ASSOCIATION (the "Bank").

The Borrower and the Bank, with the intent to be legally bound, agree as follows:

1. Loan. The following loans, lines of credit and credit facilities (if one or more, collectively, the "Loan"), made for the purpose indicated below shall be subject to and governed by this Agreement:

Date and Type -----	Purpose -----
\$1,500,000 Committed Line of Credit originally extended February 26, 1993	Working capital
\$200,000 Five Year Term Loan dated as of even date herewith	Finance equipment and new office furniture

The Loans are or will be evidenced by promissory notes of the Borrower (if one or more, collectively, the "Note") acceptable to the Bank, which shall set forth the interest rate, repayment and other provisions, the terms of which are incorporated into this Agreement by reference.

2. Security. The security for repayment of the Loan shall include but not be limited to the collateral, guaranties and other documents heretofore, contemporaneously or hereafter executed and delivered to the Bank (the "Security Documents"), which shall secure repayment of the Loan, the Note and all other loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Bank of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under any agreement, instrument or document, whether or not for the payment of money, whether arising by reason of an extension of credit, opening of a letter of credit, loan or guarantee or in any other manner, whether arising out of overdrafts on deposit or other accounts or electronic funds transfers (whether through automatic clearing houses or otherwise) or out of the Bank's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements, whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, and any amendments, extensions, renewals or increases and all costs and expenses of the Bank incurred in the documentation, negotiations modification, enforcement, collection or otherwise in connection with any of the foregoing, including but not limited to reasonable attorneys' fees and expenses (hereinafter referred to collectively as the "Obligations"). Unless expressly provided to the contrary in documentation for any other loan or loans, it is the express intent of the Bank and the Borrower that all

Obligations including those included in the Loan be cross-collateralized and cross-defaulted, such that collateral securing any of the Obligations shall secure repayment of all Obligations and a default under any Obligation shall be a default under all Obligations.

This Agreement, the Note and the Security Documents are collectively referred to as the "Loan Documents".

3. Representations and Warranties. The Borrower hereby makes the following representations and warranties, which shall be continuing in nature and remain in full force and effect until the Obligations are paid in full, and which shall be true and correct except as otherwise set forth on the Addendum attached hereto and incorporated herein by reference (the "Addendum"):

3.1 Existence, Power and Authority. If not a natural person, the Borrower is duly organized, validly existing and in good standing under the laws of the State of its incorporation or organization and has the power and authority to own and operate its assets and to conduct its business as now or proposed to be carried on, and is duly qualified, licensed and in good standing to do business in all jurisdictions where its ownership of property or the nature of its business requires such qualification or licensing. The Borrower is duly authorized to execute and deliver the Loan Documents, all necessary action to authorize the execution and delivery of the Loan Documents has been properly taken, and the Borrower is and will continue to be duly authorized to borrow under this Agreement and to perform all of the other terms and provisions of the Loan Documents.

3.2 Financial Statements. If the Borrower is not a natural person, it has delivered or caused to be delivered its most recent balance sheet, income statement and statement of cash flows, or if the Borrower is a natural person, its personal financial statement and tax returns (as applicable, the "Historical Financial Statements"). The Historical Financial Statements are true, complete and accurate in all material respects and fairly present the financial condition, assets and liabilities, whether accrued, absolute, contingent or otherwise and the results of the Borrower's operations for the period specified therein. The Historical Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied from period to period subject in the case of interim statements to normal year-end adjustments and to any comments and notes acceptable to the Bank in its sole discretion.

3.3 No Material Adverse Change. Since the date of the most recent Financial Statements, the Borrower has not suffered any damage, destruction or loss, and no event or condition has occurred or exists, which has resulted or could result in a material adverse change in its business, assets, operations, financial condition or results of operation.

3.4 Binding Obligations. The Borrower has full power and authority to enter into the transactions provided for in this Agreement and has been duly authorized to do so by appropriate action of its Board of Directors if the Borrower is a corporation, all its general

partners if the Borrower is a partnership or otherwise as may be required by law, charter, other organizational documents or agreements; and the Loan Documents, when executed and delivered by the Borrower, will constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their terms.

3.5 No Defaults or Violations. There does not exist any Event of Default under this Agreement or any default or violation by the Borrower of or under any of the terms, conditions or obligations of: (i) its partnership agreement if the Borrower is a partnership, its articles or certificate of incorporation, regulations or bylaws if the Borrower is a corporation or its other organizational documents as applicable; (ii) any indenture, mortgage, deed of trust, franchise, permit, contract, agreement, or other instrument to which it is a party or by which it is bound; or (iii) any law, regulation, ruling, order, injunction, decree, condition or other requirement applicable to or imposed upon it by any law, the action by any court or any governmental authority or agency; and the consummation of this Agreement and the transactions set forth herein will not result in any such default or violation.

3.6 Title to Assets. The Borrower has good and marketable title to the assets reflected on the most recent Financial Statements, free and clear of all liens and encumbrances, except for (i) current taxes and assessments not yet due and payable, (ii) liens and encumbrances, if any, reflected or noted in the Historical Financial Statements, (iii) assets disposed of by the Borrower in the ordinary course of business since the date of the most recent Financial Statements, and (iv) those liens or encumbrances specified on the Addendum.

3.7 Litigation. There are no actions, suits, proceedings or governmental investigations pending or, to the knowledge of the Borrower, threatened against the Borrower, none of which could result in a material adverse change in its business, assets, operations, financial condition or results of operations and there is no basis known to the Borrower for any action, suit, proceedings or investigation which could result in such a material adverse change. All pending or threatened litigation against the Borrower is listed on the Addendum.

3.8 Tax Returns. The Borrower has filed all returns and reports that are required to be filed by it in connection with any federal, state or local tax, duty or charge levied, assessed or imposed upon it or its property or withheld by it, including unemployment, social security and similar taxes and all of such taxes, have been either paid or adequate reserve or other provision has been made.

3.9 Employee Benefit Plans. Each employee benefit plan as to which the Borrower may have any liability complies in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), including minimum funding requirements, and (i) no Prohibited Transaction (as defined under ERISA) has occurred with respect to any such plan, (ii) no Reportable Event (as defined under Section 4043 of ERISA) has occurred with respect to any such plan which would cause the Pension Benefit Guaranty Corporation to institute proceedings under Section 4042 of ERISA, (iii) the Borrower

has not withdrawn from any such plan or initiated steps to do so, and (iv) no steps have been taken to terminate any such plan.

3.10 Environmental Matters. The Borrower is in compliance, in all material respects, with all Environmental Laws, including, without limitation, all Environmental Laws in jurisdictions in which the Borrower owns or operates, or has owned or operated, a facility or site, stores Collateral, arranges or has arranged for disposal or treatment of hazardous substances, solid waste or other waste, accepts or has accepted for transport any hazardous substances, solid waste or other wastes or holds or has held any interest in real property or otherwise. Except as otherwise disclosed on the Addendum, no litigation or proceeding arising under, relating to or in connection with any Environmental Law is pending or, to the best of the Borrower's knowledge, threatened against the Borrower, any real property which the Borrower holds or has held an interest or any past or present operations of the Borrower. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring, or to the best of the Borrower's knowledge has occurred, on, under or to any real property in which the Borrower holds any interest or performs any of its operations, in violation of any Environmental Law. As used in this Section, "litigation or proceeding" means any demand, claim notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by a governmental authority or other person, and "Environmental Laws" means all provisions of laws, statutes, ordinances, rules, regulations, permits, licenses, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by any governmental authority concerning health, safety and protection of, or regulation of the discharge of substances into, the environment.

3.11 Intellectual Property. The Borrower owns or is licensed to use all patents, patent rights, trademarks, trade names, service marks, copyrights, intellectual property, technology, know-how and processes necessary for the conduct of its business as currently conducted that are material to the condition (financial or otherwise), business or operations of the Borrower.

3.12 Regulatory Matters. No part of the proceeds of the Loan will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time in effect or for any purpose which violates the provisions of the Regulations of such Board of Governors.

3.13 Solvency. As of the date hereof and after giving effect to the transactions contemplated by the Loan Documents, (i) the aggregate value of the Borrower's assets will exceed its liabilities (including contingent, subordinated, unmatured and unliquidated liabilities), (ii) the Borrower will have sufficient cash flow to enable it to pay its debts as they mature, and (iii) the Borrower will not have unreasonably small capital for the business in which it is engaged.

3.14 Disclosure. None of the Loan Documents contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary in order to make the statements contained in this Agreement or the Loan Documents not misleading. There is no fact known to the Borrower which materially adversely affects or, so far as the Borrower can now foresee, might materially adversely affect the business, assets, operations, financial condition or results of operation of the Borrower and which has not otherwise been fully set forth in this Agreement or in the Loan Documents.

4. Affirmative Covenants. The Borrower agrees that from the date of execution of this Agreement until all Obligations have been fully paid and any commitments of the Bank to the Borrower have been terminated, the Borrower will:

4.1 Books and Records. Maintain books and records in accordance with GAAP and give representatives of the Bank access thereto at all reasonable times, including permission to examine, copy and make abstracts from any of such books and records and such other information as the Bank may from time to time reasonably request, and the Borrower will make available to the Bank for examination copies of any reports, statements or returns which the Borrower may make to or file with any governmental department, bureau or agency, federal or state.

4.2 Interim Financial Statements; Certificate of No Default. Furnish the Bank within forty-five (45) days after the end of each quarter the Borrower's Financial Statements for such period, in reasonable detail, certified by an authorized officer of the Borrower and prepared in accordance with GAAP applied from period to period. The Borrower shall also deliver a certificate as to its compliance with applicable financial covenants for the period then ended and whether any Event of Default exists, and, if so, the nature thereof and the corrective measures the Borrower proposes to take. If the Borrower is not a natural person, "Financial Statements" means the Borrower's consolidated and, if required by the Bank in its sole discretion, consolidating balance sheets, income statements and statements of cash flows for the year, month or quarter together with year-to-date figures and comparative figures for the corresponding periods of the prior year. If the Borrower is a natural person, "Financial Statements" means the Borrower's personal financial statement and tax returns.

4.3 Annual Financial Statements. Furnish the Borrower's Financial Statements to the Bank within ninety (90) days of each fiscal and semiannual period. Those Financial Statements will be prepared on a reviewed basis in accordance with GAAP by an independent certified public accountant selected by the Borrower and satisfactory to the Bank. Audited Financial Statements shall contain the unqualified opinion of an independent certified public accountant and its examination shall have been made in accordance with GAAP consistently applied from period to period.

4.4 Payment of Taxes and Other Charges. Pay and discharge when due all indebtedness and all taxes, assessments, charges, levies and other liabilities imposed upon the Borrower, its income, profits, property or business, except those which currently are being

contested in good faith by appropriate proceedings and for which the Borrower shall have set aside adequate reserves or made other adequate provision with respect thereto acceptable to the Bank in its sole discretion.

4.5 Maintenance of Existence, Operation and Assets. Do all things necessary to maintain, renew and keep in full force and effect its organizational existence and all rights, permits and franchises necessary to enable it to continue its business; continue in operation in substantially the same manner as at present; keep its properties in good operating condition and repair; and make all necessary and proper repairs, renewals, replacements, additions and improvements thereto.

4.6 Insurance. Maintain with financially sound and reputable insurers, insurance with respect to its property and business against such casualties and contingencies, of such types and in such amounts as is customary for established companies engaged in the same or similar business and similarly situated. In the event of a conflict between the provisions of this Section and the terms of any Security Documents relating to insurance, the provisions in the Security Documents will control.

4.7 Compliance with Laws. Comply with all laws applicable to the Borrower and to the operation of its business (including any statute, rule or regulation relating to employment practices and pension benefits or to environmental, occupational and health standards and controls).

4.8 Bank Accounts. Establish and maintain at the Bank the Borrower's primary depository accounts. Borrower shall at all times maintain a balance in its bank accounts at Bank of not less \$50,000.

4.9 Financial Covenants. Comply with all of the financial and other covenants, if any, set forth on the Addendum.

4.10 Additional Reports. Provide prompt written notice to the Bank of the occurrence of any of the following (together with a description of the action which the Borrower proposes to take with respect thereto): (i) any Event of Default or potential Event of Default; (ii) any litigation filed by or against the Borrower, (iii) any Reportable Event or Prohibited Transaction with respect to any Employee Benefit Plan(s) (as defined in ERISA) or (iv) any event which might result in a material adverse change in the business, assets, operations, financial condition or results of operation of the Borrower.

5. Negative Covenants. The Borrower covenants and agrees that from the date of execution of this Agreement until all Obligations have been fully paid and any commitments of the Bank to the Borrower have been terminated, the Borrower will not, except as set forth in the Addendum, without the Bank's prior written consent:

5.1 Indebtedness. Incur any indebtedness for borrowed money other than: (i) the Loan and any subsequent indebtedness to the Bank; and (ii) existing indebtedness disclosed on the Borrower's Historical Financial Statements referred to in Section 3.2.

5.2 Liens and Encumbrances. Except as provided in Section 3.6, create, assume or permit to exist any mortgage, pledge, encumbrance or other security interest or lien upon any assets now owned or hereafter acquired or enter into any arrangement for the acquisition of property subject to any conditional sales agreement in an aggregate amount in excess of \$100,000 annually during any fiscal period.

5.3 Guarantees. Guarantee, endorse or become contingently liable for the obligations of any person, firm or corporation, except in connection with the endorsement and deposit of checks in the ordinary course of business for collection.

5.4 Loans or Advances. Purchase or hold beneficially any stock, other securities or evidences of indebtedness of any loans or advances to, or make any investment or acquire any interest whatsoever in, any other person, firm or corporation, except investments disclosed on the Borrower's Historical Financial Statements or acceptable to the Bank in its sole discretion.

5.5 Merger or Transfer of Assets. Merge or consolidate with or into any person, firm or corporation or lease, sell, transfer or otherwise dispose of all, or substantially all, of its property, assets and business whether now owned or hereafter acquired which, at the time of such disposition has a fair market value in excess of \$100,000.

5.6 Change in Business, Management or Ownership. Make or permit any material change in the nature of its business as carried on as of the date hereof, in the composition of its current executive management, or in its equity ownership.

5.7 Dividends. Declare or pay any dividends on or make any distribution with respect to any class of its equity or ownership interest, or purchase, redeem, retire or otherwise acquire any of its equity, except for the amount of federal and state income tax of the principals of the Borrower attributable to the earnings of the Borrower where the Borrower is an S corporation or a partnership.

5.8 Lease. Lease, as lessee, real or personal property with an aggregate annual rental value in excess of \$50,000 (present leases excluded).

5.9 Capital Expenditures. Make capital expenditures for fixed assets in an aggregate amount in excess of \$100,000 annually during any fiscal period.

6. Events of Default. The occurrence of any of the following will be deemed to be an "Event of Default":

6.1 Covenant Default. The Borrower shall default in the performances of any of the covenants or agreements contained in this Agreement.

6.2 Breach of Warranty. Any Financial Statement, representation, warranty or certificate made or furnished by the Borrower to the Bank in connection with this Agreement shall be false, incorrect or incomplete when made.

6.3 Other Default. The occurrence of an Event of Default as defined in the Note or any of the Security Documents.

6.4 If there shall occur any uninsured damage to or loss, theft or destruction of any of the Collateral of Borrower.

6.5 If a default or an Event of Default shall occur under any agreement with any creditor of Borrower, if the effect of such default is to cause the holder of Borrower's obligation to declare such obligation (or gives any such holder the right to declare such obligation) due prior to its maturity date or prior to its regularly scheduled date of payment.

6.6 If Borrower ceases to operate its business.

6.7 If Borrower fails to comply with ERISA so that grounds exist to permit the appointment of a trustee under ERISA to administer Borrower's retirement plan(s) or to allow the Pension Benefit Guaranty Corporation to institute proceedings to appoint a trustee to administer such plan(s), or to permit the entry of lien to secure any deficiency or claim.

6.8 If at any time the outstanding principal balance of the Line of Credit exceeds the Loan Limit or the Borrowing Base.

6.9 If Bank receives any indication or evidence that Borrower or any other Obligor may have directly or indirectly been engaged in any type of activity which, in Bank's discretion, might result in the forfeiture of any property of Borrower to any governmental entity, federal, state or local.

Upon the occurrence of an Event of Default, the Bank will have all rights and remedies specified in the Note and the Security Documents and all rights and remedies (which are cumulative and not exclusive) available under applicable law or in equity.

7. Conditions. The Bank's obligation to make any advance under the Loan is subject to the conditions that as of the date of the advance:

7.1 No Event of Default. No Event of Default or event which with the passage of time, provision of notice or both would constitute an Event of Default shall have occurred and be continuing.

7.2 Authorization Documents. The Bank shall have been furnished certified copies of resolutions of the board of directors or the general partners of any partnership or corporation that executes this Agreement, the Note or any of the Security Documents; or other proof of authorization satisfactory to the Bank.

7.3 Receipt of Loan Documents. The Bank shall have received the Loan Documents and such other instruments and documents which the Bank may reasonably request in connection with the transactions provided for in this Agreement, which may include an opinion of counsel for any party executing any of the Loan Documents in form and substance satisfactory to the Bank.

8. Expenses. The Borrower agrees to pay the Bank, upon the closing of this Agreement, and otherwise on demand, all costs and expenses incurred by the Bank in connection with the (i) preparation, negotiation and delivery of this Agreement and the other Loan Documents, and any modifications thereto, and (ii) collecting the loan or instituting, maintaining, preserving, enforcing and foreclosing the security interest in any of the collateral securing the Loan, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to this Agreement, including reasonable fees and expenses of counsel (which may include costs of in-house counsel), expenses for auditors, appraisers and environmental consultants, lien searches, recording and filing fees and taxes.

9. Increased Costs. On written demand, together with the written evidence of the justification therefor, the Borrower agrees to pay the Bank, all direct costs incurred and any losses suffered or payments made by the Bank as a consequence of making the Loan by reason of any change in law or regulation or its interpretation imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets.

10. Miscellaneous.

10.1 Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt if delivered personally to such party, or if sent by facsimile transmission with confirmation of delivery, or by nationally recognized overnight courier service, to the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To the Bank:

PNC Bank, National Association
100 South Broad Street
Philadelphia, PA 19110
Attention: Denise Viola Monahan
Vice President
Facsimile No.: 215-585-6987

To the Borrower:

Intest Corporation
12 Springdale Road
Cherry Hill, NJ 08003
Facsimile No.: 609-751-1222

10.2 Preservation of Rights. No delay or omission on the part of the Bank to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power or any acquiescence therein, nor will the action or inaction of the Bank impair any right or power arising hereunder. The Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Bank may have under other agreements, at law or in equity.

10.3 Illegality. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10.4 Changes in Writing. No modification, amendment or waiver of any provision of this Agreement nor consent to any departure by the Borrower therefrom, will in any event be effective unless the same is in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case will entitle the Borrower to any other or further notice or demand in the same, similar or other circumstance.

10.5 Entire Agreement. This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

10.6 Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument.

10.7 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns; provided, however, that the Borrower may not assign this Agreement in whole or in part without the prior written consent of the Bank and the Bank at any time may assign this Agreement in whole or in part.

10.8 Interpretation. In this Agreement, unless the Bank and the Borrower otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement unless otherwise indicated; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. Unless otherwise specified in this Agreement, all accounting terms shall be interpreted and all accounting determinations shall be made in accordance with GAAP. If this Agreement is executed by more than one party as Borrower, the obligations of such persons or entities will be joint and several.

10.9 Indemnity. The Borrower agrees to indemnify each of the Bank, its directors, officers and employees and each legal entity, if any, who controls the Bank (the "Indemnified Parties") and to hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, all fees of counsel with whom any Indemnified Party may consult and all expenses of litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party in connection with or arising out of the matters referred to in this Agreement or in the other Loan Documents by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority, which arises out of or relates to this Agreement, any other Loan Document, or the use of the proceeds of the Loan; provided, however, that the foregoing indemnity agreement shall not apply to claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Agreement, payment of any Loan and assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such action or claim.

10.10 Assignments and Participations. At any time, without any notice to the Borrower, the Bank may sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of all or any part of the Bank's interest in the Loan. The Borrower hereby authorizes the Bank to provide, without any notice to the Borrower, any information concerning the Borrower, including information pertaining to the Borrower's financial condition, business operations or general creditworthiness, to any person or entity which may succeed to or participate in all or any part of the Bank's interest in the Loan.

10.11 Governing Law and Jurisdiction. This Agreement has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Bank's office indicated above is located, and consents that all service of process be sent by nationally recognized overnight courier service directed to the Borrower at the Borrower's address set forth herein and service so made will be deemed to be completed on the business day after deposit with such courier; provided that nothing contained in this Agreement will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Bank and the Borrower agree that the venue provided above is the most convenient forum for both the Bank and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

10.12 WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE BANK IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER AND THE BANK ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

10.13 Amendment and Restatement. This Agreement amends and restates in its entirety that certain Loan Agreement between the Borrower and the Bank dated as of February 26, 1993 as amended by the First Amendment to Loan Documents dated June 30, 1993, the Second Amendment to Loan Documents dated June 16, 1994, and the Third Amendment to Loan Documents dated May 25, 1995 ("Prior Agreement"), and is not intended and should not be construed to discharge, extinguish or terminate Borrower's Obligations under the Prior Agreement. The Security Documents remain in full force and effect and continue to secure the Obligations of Borrower, including without limitation, all Obligations of Borrower under this Agreement, the Note and each other Loan Document.

The Borrower acknowledges that it has read and understood all the provisions of this Agreement, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above.

BORROWER:

[CORPORATE SEAL]

INTEST CORPORATION

Attest: /s/ Hugh T. Regan

Print Name: Hugh T. Regan
Title: Secretary/Treasurer

By: /s/ Hugh T. Regan, Jr.

Title: CFO

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Denise Viola Monahan

Denise Viola Monahan, Vice President

ADDENDUM to that certain Amended and Restated Loan Agreement dated June ____ , 1996, between INTEST CORPORATION, as the Borrower, and PNC BANK, NATIONAL ASSOCIATION, as the Bank. Capitalized terms used in this Addendum and not otherwise defined shall have the meanings given them in the Agreement. Section numbers below refer to the sections of the Agreement.

3.6 Title to Assets. Describe additional liens and encumbrances below:

3.7 Litigation. Describe pending or threatened litigation, proceedings, etc. below:

3.10 Environmental Matters. Describe below pending or threatened litigation or proceedings arising under, relating to or in connection with any Environmental Law:

CONTINUATION OF ADDENDUM

FINANCIAL AND OTHER COVENANTS

The Borrower will maintain at all times a minimum Tangible Net Worth of not less than \$1,400,000.

The Borrower will maintain at all times a ratio of Total Liabilities to Tangible Net Worth of less than 1.5 to 1.

The Borrower will maintain at all times a Current Ratio of not less than 1.5 to 1.

The Borrower will maintain at all times a minimum Working Capital of not less than \$500,000.

Borrower shall deliver to Bank such other financial information as deemed necessary in Bank's sole discretion,

"Tangible Net Worth" means stockholders' equity in the Borrower less any advances to third parties and all items properly classified as intangibles, in accordance with generally accepted accounting principles.

"Total Liabilities" means Total Liabilities as defined in accordance with generally accepted accounting principles.

"Current Ratio" means net current assets divided by net current liabilities, each computed in accordance with generally accepted accounting principals.

"Working Capital" means the excess of net current assets over net current liabilities of Debtor, all computed in accordance with generally accepted accounting principals, consistently applied.

LEASE AGREEMENT

THIS LEASE AGREEMENT, prepared this eleventh day of February, 1996 between CHERRY HILL INDUSTRIAL SITES, INC., a New Jersey Corporation having its principal office at 1998 Springdale Road, Cherry Hill, New Jersey 08003, (hereinafter referred to as LANDLORD), and INTEST, having an office at 12 Springdale Road, Building No. 11, Cherry Hill, NJ 08003 (hereinafter referred to as TENANT).

Landlord and Tenant hereby covenant as follows:

1. LEASED PREMISES. Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to rent from Landlord approximately 28,630 square feet, in building number 16 and land adjacent thereto, situated in Cherry Hill Township, Block 468.04 Lot 4, as shown and defined on Exhibit A attached hereto and made a part hereof (hereinafter referred to as the PREMISES) for the term of: Seven (7) years (or until such prior termination as hereinafter provided) to commence on the first day of June, 1996, and end on the thirty first day of May, 2003, both dates inclusive. Tenant agrees that this Lease shall, unless sooner terminated, pursuant to the terms and conditions hereof, expire absolutely on the expiration date without the requirement of any further notice from Landlord.

2. USE. Tenant shall use and occupy the Premises only for the following use, which Tenant represents shall conform to the I-R zoning of Cherry Hill Township or any subsequent zone designated for the Premises by Cherry Hill Township: Light Manufacturing, Offices, Warehousing and Distribution.

3. RENT. The Term rental shall be \$1,111,992.00 except as same may be modified elsewhere in this Lease, payable by Tenant to Landlord, in lawful money of the United States, in equal monthly rental installments of \$13,238.00 on the first day of each month, in advance, during the Term, at the office of the Landlord or such other place as Landlord may designate.

Tenant shall assume the risk of lateness or failure of delivery of the mails, and no lateness or failure of the mails will excuse Tenant from its obligation to have made any payment of rent or additional rent as required under this Lease.

No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the correct rent or additional rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law provided.

4. ADDITIONAL RENT. Additional rent charges shall be paid to Landlord within five (5) days of notice of a bill sent by Landlord to Tenant.

5. LANDSCAPING. Tenant shall pay, as additional rent \$70.00 per month for grass cutting and landscape maintenance pursuant to standards as established by Landlord. Landlord, at its option, and at no cost to Landlord, may utilize any exterior water sources located on the Premises for the purpose of watering landscaping. Tenant shall ensure that water is available for use by Landlord at exterior water sources.

Tenant shall keep the lawn, landscaped areas, paved surfaces, sidewalks and similar areas free of debris and other waste material at all times. In the event debris and/or other waste material is present upon any of the aforementioned areas, or if, in Landlord's reasonable determination debris and/or waste material originating from Tenant's Premises is upon other properties owned by Landlord, Landlord may, at its option and WITHOUT PRIOR NOTICE OR APPROVAL OF TENANT, remove same. All costs and charges relating thereto shall be payable by Tenant as additional rent. The minimum charge for this service shall be \$50.00 per instance and/or occurrence.

6. SNOW REMOVAL. Tenant agrees to pay, as additional rent, the sum of \$65.00 per month for snow removal subject to the following conditions:

a. Landlord's contractor shall remove snow from the paved surfaces within the Premises within 24 hours after the cessation of any particular snowstorm provided the average accumulation from said storm exceeds two inches on the paved surfaces, as measured by Landlord.

b. In the event Landlord's contractor is unable to remove the snow by reason of vehicles thereon, or other blockages or similar occurrences not caused by Landlord's contractor, there shall be no further obligation or responsibility on the part of Landlord or Landlord's contractor to remove snow from that particular snowstorm. In such event no credit or abatement shall be due Tenant.

c. Snow of less than a 2 inch average accumulation on the paved surfaces of the Premises, as measured by Landlord, are not subject to removal by Landlord or Landlord's contractor, but are the sole responsibility of Tenant.

d. Landlord or Landlord's contractor shall have the sole right to determine the number and location of snow storage areas.

e. Tenant shall look solely to Landlord's contractor for recovery of any injury or damage to property or any person (including death) resulting from accidents, or any other cause, ensuing from or occurring during snow removal operations. Tenant shall not hold Landlord in any way responsible or liable therefor and hereby releases and remises Landlord therefrom.

f. The responsibility of Landlord and Landlord's contractor is restricted to the work specified herein. Work related, but not limited, to the clearing of snow

from sidewalks, platforms, steps or other similar items is excluded. Any work related to de-icing, sanding or similar items or operations, or the removal, correction, and/or abatement of any other hazard is the sole responsibility of Tenant.

7. SPRINKLER SYSTEM SERVICE. Tenant shall pay, as additional rent, fifty-six percent (56%) of all charges relating to Building #16 for sprinkler supervisory service and sprinkler standby fees.

8. UTILITIES. Tenant shall pay for all deposits, costs and charges relating to heat, water, sewer, electricity, gas and similar services rendered or supplied to or upon the Premises, or in connection with the use and occupation of the Premises on or prior to the date same are due.

In the event there is a common water and/or sewer meter servicing the building of which the Premises forms a part Tenant shall pay to Landlord, as additional rent, fifty-six percent (56%) of any costs or charges related to such service.

Tenant shall not be released or excused from the performance of any of its obligations under this Lease for any failure, interruption or curtailment of any utilities or services; nor shall any such failure, interruption or curtailment constitute a constructive or partial eviction.

9. PERSONAL PROPERTY TAXES. Tenant shall pay all personal property taxes and other taxes and assessments pertaining to its goods, chattels, machinery, equipment, fixtures, personal property and similar items prior to the date same are due.

10. REAL PROPERTY TAXES. Tenant shall pay to Landlord, as additional rent, fifty-six percent (56%) of all real property taxes and assessments levied upon Block 468.04, Lot 4 (Bldg #16, with adjoining land) under or by virtue of any present or future laws or regulations of any governmental or lawful authority having jurisdiction over the Premises.

If at any time during the Term any governmental or quasi-governmental authority having jurisdiction over the Premises imposes (a) a tax, assessment, levy, imposition, license fee or other charge on the rents collected by Landlord, or (b) any other additional or substitute tax, assessment, levy, imposition or charge relating to Block 468.04 Lot 4, any such items shall be deemed to be included within the term "Real Estate Taxes" for the purposes hereof.

Landlord may, at its option, contest or appeal any real property tax or assessment affecting the Premises utilizing such attorneys and/or experts as Landlord deems advisable. In the event of any tax reduction Tenant shall pay to Landlord, as additional rent, either the tax savings to the Tenant for one year or one half of the total tax savings to the Tenant during the remainder of the Term, whichever is less.

11. INSURANCE. In respect to Landlord's fire insurance policy with standard extended coverage and difference in condition policy, Tenant agrees: (a) it will not do nor permit any acts or things which will invalidate or be in conflict with any provisions thereof or which shall cause the insurance rate on the Premises to be higher than on the date of the commencement of this Lease; (b) it shall comply with all present and future rules, regulations and recommendations thereof and shall promptly make all changes, modifications, replacements and alterations as are necessary and/or required. Tenant shall not use or occupy the Premises or do or permit anything to be done thereon in any manner which shall prevent Landlord and/or Tenant from obtaining at standard rates any insurance required or desired, or which would invalidate or increase the cost to Landlord of any existing insurance, or which might cause structural injury to any building, or which would constitute a public or private nuisance or which would violate any present or future laws, regulations, ordinances or requirements (ordinary or extraordinary, foreseen or unforeseen) of the federal, state or municipal governments, or of any departments, subdivisions, bureaus or offices thereof, or of any other governmental public or quasi-public authorities now existing or hereafter created having jurisdiction in the Premises, or the Industrial Center of which they form a part.

The aforementioned policy shall insure only the Landlord's property against damage and/or losses for perils specified therein. In no event will Landlord be responsible for charges and/or costs related to damage, loss, or repair and/or replacement of any property: (a) caused by conditions, exclusions or reasons not covered therein; (b) within the deductible provisions of the aforementioned policies; and/or (c) any property not owned by Landlord.

Landlord's and Tenant's fire insurance policy with standard extended coverage policy, difference in condition policy and rental income insurance policy shall contain a waiver of subrogation of the rights of the Landlord's or Tenant's insurance carrier to proceed against the Landlord or Tenant for matters covered therein.

Tenant is invited and encouraged to review and ascertain the type, deductibles and limits related to Landlord Insurance policies referenced herein. Tenant is responsible for, and hereby saves and holds harmless Landlord, for all costs, charges and expenses relating to or ensuing from damage, loss, and/or replacement to/of any property, of whatever nature and from any cause whatsoever, not covered by or within the deductible limits of Landlord's insurance policies referenced herein.

Tenant shall pay, as additional rent, fifty-six percent (56%) of Landlord's premiums for fire insurance with standard extended coverage policy, difference in condition policy and rental income insurance policy to the extent the aforementioned policies relate to Building #16, as determined by Landlord.

12. TENANT'S INSURANCE OBLIGATIONS. Tenant, as a minimum, shall carry the following insurance policies applicable to the Premises (and other areas as

may be required herein) with reputable companies authorized to issue policies in the State of New Jersey having a Moody rating of at least A:

a. Comprehensive Public Liability Insurance. Such insurance shall be for a Combined Single Limit (CSL) for bodily injury (including death) and property damage or loss (for occurrences in or about the Premises or arising out of Tenants ownership, maintenance, use or occupancy of the Premises) in the amount of \$1,000,000 for each occurrence, and \$3,000,000 in the aggregate.

b. Personal Property Insurance in amounts and types of coverage to insure against damage or loss to any property including, but not limited to any Tenant alterations, improvements or betterments in or about the Premises that is not the property of Landlord caused by: (1) water, rain, sleet, snow, or ice entering, seeping or leaking into or through the Premises or any portion thereof; (2) fire, explosion, tornado, wind, earthquake or any other casualty or any other similar occurrences; (3) theft, burglary, vandalism, malicious mischief, or other similar occurrences; (4) accidents of any kind, type or nature; (5) electrical, gas or water failure, cutoffs, surges or similar occurrences; (6) loss or damage to property not owned by Landlord by any similar reason.

c. Boiler and pressure vessel insurance (when equipment relating to this type of insurance is located in/and or upon the Premises) with Landlord as a named insured in sufficient amount to insure against damage or loss to any property whether belonging to Tenant, Landlord, or others.

d. Such other insurance, and in such amount, as may from time to time be reasonably required by Landlord or required by law. No insurance requirements as set forth in this Lease shall preclude Tenant from obtaining whatever additional insurance coverages Tenant shall deem necessary or prudent.

e. NOTE: Tenant shall have the right to procure its required insurance on a blanket master policy basis and/or an umbrella basis; provided, however, that all such coverage shall otherwise comply with all of the requirements contained herein.

f. Prior to the commencement date of this Lease and by the fifteenth day of March of each year thereafter Tenant shall deliver to the Landlord proof that all the insurance coverages required of Tenant pursuant to the terms and conditions of this Lease are in force and that premiums related thereto are paid. Upon execution of this Lease, Tenant shall provide Landlord with evidence of prepayment of the insurance premiums described herein for one (1) year in advance.

g. All insurance policies required of Tenant shall: (a) provide at least thirty (30) days prior notice to Landlord and Tenant of any change, modifications or cancellation; and (b) contain a waiver of subrogation of the rights of the Tenant's insurance

carrier to proceed against the Landlord for matters which are required to be or are covered by the Tenant's insurance policies.

Upon execution of this Lease, Tenant shall provide Landlord with evidence of prepayment of the insurance premiums described herein for one (1) year in advance. Tenant shall give prompt notice to Landlord in case of any fire, casualty, accident or similar occurrence.

13. UPGRADING. Tenant agrees to pay to Landlord, as additional rent, during the term of this Lease the sum of \$596.00 per month toward Landlord's contribution and assistance to the Cherry Hill Industrial Center Steering Committee (and other committees associated with the Steering Committee that are authorized by Landlord). It is understood that Landlord has the sole discretion as to the disbursement of funds (or non disbursement of funds if such is the case) related to such activities as may be authorized by Landlord.

14. [Deleted].

15. FIRE. If the Premises shall be partially damaged by fire or similar casualty as is covered under insurance policies carried by Landlord, the damage shall be repaired by and at the expense of Landlord to the extent provided for pursuant to the provisions thereof. Any fire or similar casualty damage to the Premises, within the deductible limits of the aforementioned policies shall be repaired by Landlord, but paid for by Tenant as additional rent.

The rent, until such repairs are made, shall be apportioned according to the portion of the Premises which was damaged or which has been made unusable, whichever is less. Nevertheless the Lease shall continue in full force and effect.

If the Premises are totally or substantially damaged by fire or similar casualty, and if Landlord, at its sole option, decides not to restore or not to rebuild same, Landlord shall then, within sixty (60) days after such fire, give Tenant notice of such decision, and thereupon this Lease shall expire by lapse of time upon the fifth day after such notice is given. Tenant shall then vacate the Premises and surrender same to Landlord.

For the purpose of this Lease substantial damage is defined as that which is greater than twenty (20%) percent of the insured value of the premises as determined by the cost estimate of Landlord.

In the event Landlord, at its option, decides to restore or rebuild the Premises, no penalty shall accrue for reasonable delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, or for delays on account of labor troubles or other reasons or causes beyond Landlord's control.

In accordance with this paragraph, Tenant explicitly waives applicability of N.J.S.A. 46:8-6 and N.J.S.A. 46:8-7.

16. REPAIRS, REPLACEMENTS. Tenant shall keep the Premises in good order and repair and shall promptly make any and all repairs, maintenance, and replacements to the Premises of whatever nature, ordinary and extraordinary, foreseen and unforeseen, except as is specifically provided for herein. All repairs, maintenance and replacements shall be in quality, usefulness, and class at least equal to the original installation.

Landlord shall not be required to furnish any services, improvements, alterations, or similar items, nor to make any repairs, maintenance, or replacements to the Premises except as is specifically provided for herein.

17. ALTERATIONS. Tenant shall not make any alterations, additions or improvements without Landlord's approval, which shall not be unreasonably withheld or delayed.

In the event Tenant proposes any alterations, additions, or improvements, it shall submit a complete set of plans and specifications relating thereto, prepared by any architect or professional engineer registered in the State of New Jersey to Landlord. Landlord, at its option, shall grant or deny approval within 15 days after receipt. Landlord may impose any conditions and/or requirements upon Tenant as Landlord considers necessary or prudent to protect Landlord's interest in the Premises. Tenant must agree in writing to adopt any such conditions and/or requirements before any approval is effective.

If Landlord shall grant approval for the proposed work and provided Tenant has agreed to any conditions and/or requirements made a part of such approval, the following additional conditions shall apply:

a. Prior to making any alterations, additions, or improvements Tenant shall assure itself that the work will not impair the structural integrity of the Premises, or any portion thereof. Approval of the proposed work by Landlord shall not constitute or imply a warranty or representation by Landlord that the existing Premises, or any part thereof, is adequate to withstand work proposed by Tenant. By making any alterations, additions, or improvements, Tenant expressly warrants that the same will not impair the structural integrity of the Premises nor any part thereof and are in full compliance with the requirements of all governmental agencies or authorities having jurisdiction. Landlord reserves the right to approve or reject Tenant's contractor. If Tenant's proposed alteration involves a tie-in to building systems, Landlord further reserves the option of requiring Tenant to use Landlord's contractor.

b. All costs related to the proposed work, irrespective of their nature, are the sole responsibility of Tenant and shall be promptly paid by Tenant at such time as they may be due.

c. All contractors, labor and/or material suppliers, and similar parties shall agree, in writing, prior to the commencement of any work or procurement of materials: (1) to jointly comply with Tenant with the mechanics lien restrictions contained elsewhere in this Lease; (2) that they are entering into any agreements for labor and/or material with Tenant and not on behalf or for the benefit of Landlord; (3) that the work to be done shall be in conformance with the last plans and specifications approved by Landlord and that no changes shall be made thereto without the approval of Landlord and Tenant; and (4) that they, and their employees and other agents, shall comply with all rules and regulations contained in Tenant's Lease regarding their conduct on the Premises. Proof of such agreements shall be given to Landlord prior to the commencement of the proposed work.

d. Tenant shall insure, indemnify and hold Landlord harmless for any loss to which Landlord may be subject or which Landlord may sustain relating to accidents, injury to persons (including death), property loss or damage of any nature whatsoever, regardless of cause, arising during or ensuing from the work undertaken by Tenant.

e. All such alterations, additions and improvements upon completion shall immediately become the property of Landlord, without compensation by Landlord to Tenant or any other party, and simultaneously become part of the Premises, and Tenant's obligations and responsibilities pursuant to the terms and conditions of this Lease shall thenceforth apply to the aforementioned alterations, additions, or improvements. Upon the termination of Tenant's lease and/or Tenant's vacating of the premises, Tenant shall remove said alterations, additions and improvements at Tenant's expense, if so requested by Landlord.

f. Upon completion of the work, Tenant will submit to Landlord as-built drawings and certifications of inspections certifying the completion of the alteration, addition or improvement.

18. COMPLIANCE WITH LAWS. With respect to the Premises or the use and occupation thereof Tenant shall promptly comply with all laws, orders, regulations, and requirements now in force, or which may hereafter be in force, of (a) Federal, State, County, and Municipal authorities and (b) private, quasi-public and public utility companies and similar parties providing services.

Tenant shall immediately notify Landlord upon receipt of notice of a violation or alleged violation of any of the foregoing. Tenant shall also provide Landlord, upon Landlord's request, affidavits and/or representations executed by a knowledgeable officer or principal of the company concerning Tenant's best knowledge and belief regarding Tenant's compliance with particular laws, orders, regulations and requirements as may be cited by Landlord in its request.

19. RULES AND REGULATIONS. Without limiting Tenant's obligations pursuant to any of the terms and conditions of this Lease, Tenant has the following duties:

a. Between April 15 and May 15 of each year Tenant shall provide to Landlord, in form and content satisfactory to Landlord, a certification from a reputable heating, ventilating and air conditioning contractor acceptable to Landlord, or a professional engineer licensed to practice in the State of New Jersey, confirming that all heating, ventilating and air conditioning systems within the Premises are in good working order and repair and are being properly serviced by Tenant.

b. Tenant shall keep: (1) the roof and exterior wall systems in a watertight condition; (2) gutters, downspouts, drainage, and sewerage systems free from obstructions and blockages; (3) all yard and exterior wall mounted lighting on during night-time hours; (4) parking areas, driveways, walkways, and similar items free from snow, ice, potholes and all other defects and/or hazards; (5) the Premises in a clean, safe, and orderly condition free from debris, refuse, trash, vermin, pests, defects and/or hazards; (6) the dissemination of smoke, dust, odors, fumes, and other noxious gases shall be within the limits of the industrial tolerance standards of the State Department of Health, Bureau of Adult and Industrial Health.

c. Tenant shall not cause, commit or permit: (1) areas allocated for driveways, walkways, or the parking of automobile vehicles to be used for any other purpose; (2) any public or private nuisance; (3) use or occupancy in a manner reasonably offensive or objectionable to the Landlord by reason of, but not limited to, noise and/or vibrations; (4) debris, dirt, holes, scuff marks, smears, graphics and/or similar items on wall, floor, or ceiling surfaces; (5) any utility service or equipment to be overloaded; (6) anything that will impair or tend to impair, in Landlord's reasonable judgement, the character, value, or appearance of the Premises; (7) outside storage of any kind except as is specifically provided for herein; (8) parking of inoperable vehicles, non-motorized vehicles or trailers in or about the Premises; (9) any part or the whole of the sidewalks, entrances, passages, stairways, corridors or halls of the premises to be obstructed or encumbered or used for any purpose other than ingress and egress to and from the Premises; (10) any signs, advertisements, objects, notices or other lettering to be exhibited, inscribed, painted, or affixed on any part of the outside or inside of the Premises, so as to be visible from the exterior without prior approval of Landlord; (11) any show cases or other items to be put in front of or affixed to any part of the exterior of the building; (12) any water and wash closets and other plumbing fixtures to be used for any purposes other than those for which they were designed/constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein; (13) any wires to be installed except in conduits, ducts or outlets established for that purpose, unless prior written consent of Landlord has been obtained; (14) disturbance or interference with other Tenants or occupants of the building or neighboring buildings; (15) canvassing, soliciting or peddling within the Premises; (16) installation of a television, radio, or two-way radio antenna, or any other similar antenna, on the roof, in the windows or upon the exterior of the Premises, without the prior approval of Landlord; (17) any

cooking within the Premises, without the prior written consent of Landlord, provided, however, that the heating, refrigerating and preparing of beverages and light snacks for employees shall be permitted if there are appropriate and adequate facilities and equipment for such purposes; (18) unusual or objectionable odors to be produced upon or emanate from the Premises; (19) storage, manufacture or sale of liquor, narcotics or illegal drugs; (20) any portion of the Premises to be used for lodging or sleeping or for any immoral or illegal purpose; (21) animals of any kind to be brought or kept about the Premises without Landlord's prior approval; (22) notices, posters, or advertising media, except for purposes of emergency, to be affixed on the exterior of the building; and (23) burning of trash or garbage of any kind in or about the Premises.

d. Tenant shall: (1) store discarded material temporarily being stored outside of the building, forming part of the Premises, within fence-enclosed waste storage containers of a type and at locations approved by Landlord; (2) arrange for and enforce good housekeeping procedures and practices satisfactory to Landlord; (3) arrange for liquid wastes and effluents to be discharged into an approved existing sewage treatment plant in accordance with that plant's regulations and state and federal regulations, or shall treat its own wastes and effluents in a treatment plant or process which is in compliance with the New Jersey State and Federal Statutes and with the requirements of the New Jersey State Department of Health; (4) shall comply with the New Jersey State Statutes and requirements of the New Jersey State Department of Labor and Industry Precaution against fire hazards, radiation, explosion, proper handling and storage of materials and structural design, and safeguards for the health of workers.

e. Tenant, its agents, employees, contractors, invitees, licensees, and similar parties shall not: (1) interfere with the business of Landlord or other Tenants or persons on any other property owned by Landlord; (2) bring or keep within the premises any flammable, combustible or explosive fluid, chemical or substance of types or quantities not permitted by law and/or Landlord's fire and casualty insurance carrier.

f. Tenant, its agents, employees, contractors, invitees, licensees, and similar parties shall: (1) obey speed limit, warning and related type signs posted within the road/driveway system of the Cherry Hill Industrial Center; (2) obey fire regulations and procedures governing the premises; (3) keep access lids on exterior waste storage containers in a closed position except when waste is actually being placed within said containers.

g. Landlord shall have the right to prohibit any advertising by any Tenant which, in Landlord's reasonable judgment, tends to impair the reputation of said Tenant's Premises or the Cherry Hill Industrial Center, and upon notice from Landlord, such Tenant shall refrain from or discontinue such advertising. Landlord shall have the right to enforce this provision by injunction.

h. Landlord's employees shall not be required to perform, and shall not be required by tenant to perform, any work outside of their regular duties, unless under specific instructions from the office of Landlord.

i. Tenant shall immediately notify Landlord of any serious breakage, or fire or disorder, occurring within the Premises.

j. Landlord reserves the right to rescind, amend, alter or waive any of the foregoing Rules and Regulations at any time when, in its judgment, it deems it necessary, desirable or proper for its best interest and/or for the best interest of the tenants, and no such recession, amendment, alteration or waiver of any rule or regulation in favor of one Tenant shall operate as an alteration or waiver in favor of any other Tenant. Any such rescission, amendment, alteration, or waiver shall become effective ten (10) days after notice by Landlord to Tenant.

k. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to impose the rules and regulations against any other Tenant or any employees or agents of any other Tenant, and Landlord shall not be responsible or liable to Tenant or others for non-observance or violation of the rules and regulations by any other Tenant or its employees, agents, invitees or licensees at any time.

l. Tenant, its employees, contractors, agents, assignees, sublessees, invitees, licensees and similar parties shall obey and observe all reasonable rules and regulations established by Landlord from time to time for the conduct of Tenant and/or the welfare, care, cleanliness, preservation of good order, and/or safety of the Cherry Hill Industrial Center. Landlord shall give Tenant at least (10) days notice of the establishment thereof. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the rules and regulations against any other Tenant or any employees or agents of any other Tenant, and Landlord shall not be liable to Tenant or others for violations of the rules and regulations by any other Tenant or its employees, contractors, agents, invitees, licensees or similar parties.

20. EMINENT DOMAIN. If the Premises or any portion thereof are taken under the power of eminent domain, this Lease shall terminate as to the part so taken as of the date the condemning authority takes title. If more than 10% of the floor area of the Premises, or more than 25% of the non floor area of the Premises is taken by condemnation, Tenant may, at Tenant's option, to be exercised by written notice to the Landlord within 10 days after the Landlord shall have given Tenant notice of such taking, terminate this Lease as of the date the condemning authority takes title. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in proportion to the floor area of the Premises taken to the total floor area of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of the Landlord,

whether such award shall be made as compensation for diminution in value of the Leasehold or for the taking of the fee, or as severance damages, or other compensation to which Landlord may be entitled. Tenant may make a separate application for compensation relating to its trade fixtures or personal property.

21. FORCE MAJEURE. Except as the effect of this paragraph may be expressly excluded in other provisions hereof, Landlord shall be excused for the period of any delay in the performance of any obligation hereunder when prevented from so doing by cause or causes beyond Landlord's control which shall include, without limitation, all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material, services or financing or through Acts of God.

22. LANDLORD'S NON-LIABILITY. Except as is specifically provided for herein:

Landlord shall not be liable or responsible for any loss or damage to any property regardless of its nature or ownership at any time on or about the Premises arising from any cause or reason whatsoever. Nor shall Landlord be liable or responsible for any harm or injury (including death) to any person at any time on or about the Premises, arising from any cause or reason whatsoever. Tenant shall not hold Landlord in any way responsible or liable therefor and hereby releases and remises Landlord therefrom.

Without limiting or diminishing Landlord's non-liability as provided for herein, Landlord shall not be responsible or liable to Tenant, its employees, invitees, agents, or any other party for any loss or damage to any property or harm or injury to any persons (including death): (a) which is and/or should have been covered by an insurance policy required of Tenant or which Tenant failed to obtain or keep in force and effect; (b) caused by work stoppages, business interruptions, or similar events; (c) caused by other Tenants, its agents, invitees, employees, and similar parties; (d) caused by operations in construction of any private, public or quasi-public works; (e) caused by any latent or patent defects in the Premises or in any part of the building of which the Premises may form a part; (f) arising out of the design or construction of the Premises; (g) caused by snow, wind, rain, leakage, and similar events into or out of any portion of the Premises; (h) caused by leakage, overflows, obstructions, blockages, explosions, collapse, bursts, surges, and similar events of any mechanical, structural or other component and/or part thereof; (i) arising from or caused by Tenant's business operation, occupancy and/or use of the Premises and/or the streets, rights of way, and walkways adjacent thereto, or any other similar reason.

All non-liability, waivers of liability, and save and hold harmless references in this Lease given Cherry Hill Industrial Sites, Inc., as Landlord, shall apply to: (a) Cherry Hill Industrial Sites, Inc., as General Contractor, Designer, Contractor, or Subcontractor; and (b) any partner, joint venturer, director, officer, agent, stockholder, and employee of Cherry Hill Industrial Sites, Inc.

23. INDEMNIFICATION. Tenant shall not do, nor permit to be done, any act or thing in or upon the Premises, which may, will, or does subject Landlord to any claims, penalties, expenses, judgments, responsibility, liability, damages or similar occurrence by reason of damage or loss to any property or harm and/or injury (including death) to any persons at any time.

Tenant agrees to and shall hold and save harmless and indemnify the Landlord from and for any and all payments, expenses, costs, attorney fees, claims and liability for losses or damage to property and/or injury to any person (including death) resulting from any acts or omissions by the Tenant, or its agents, employees, guests, licensees, invitees, sub-tenants, contractors and similar parties, or for any cause or reason arising out of or by reason of Tenant's use and/or occupancy of the Premises and/or the conduct of Tenant's business and/or the breach by Tenant of any of the terms and conditions of this Lease and/or similar reason.

24. FAILURE TO GIVE POSSESSION. If Landlord, for any reason, shall be unable to give possession of the Premises on the date set for the commencement of the Term, Landlord shall not be subject to any liability for such failure. Under such circumstances, provided the delay is not caused or contributed to by Tenant, the rent payments shall not commence until possession of the Premises is given or the Premises are available for occupancy by Tenant, whichever occurs first. Failure to give possession on the date of commencement of the term shall in no way affect the validity of this Lease or the obligations of Tenant hereunder nor shall it be construed in any way as an extension to the Term or expiration date of this Lease.

If Landlord, at its option, grants Tenant permission to enter into the possession of the Premises prior to the date specified as the commencement of the Term, Tenant agrees that such occupancy shall be pursuant to the terms and conditions of this Lease.

25. MECHANICS LIEN. Tenant shall not permit nor allow any notice of intention to file a mechanic's lien to be filed against the Premises. However, in the event any notice of intention to file a mechanic's lien is filed for work to be performed or material to be furnished, or a mechanic's lien is filed for work claimed to have been done or for materials claimed to have been furnished to Tenant, same shall be discharged of record and satisfied by Tenant within five (5) days thereafter at Tenant's own cost and expense, or Tenant shall file a bond pursuant to statute releasing such liens. Failure to do so shall entitle Landlord to resort to such remedies as are provided herein in case of any default of this Lease, in addition to such as are permitted by law.

26. ACCESS TO PREMISES. Landlord, its employees and agents shall have the right to enter the Premises at all reasonable times for the purpose of: (a) examining or inspecting the same; (b) showing the same to prospective purchasers, mortgagees or Tenants; (c) making such alterations, repairs, improvements or additions to the Premises or to the Building as may be necessary; (d) any other similar or reasonable purpose.

If representatives of Tenant shall not be present to open and permit entry into the Premises at a time when such entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key (or forcibly in the event of an emergency) without: (a) liability to Landlord, its employees, agents, invitees and similar parties; (b) hinderance or molestation from Tenant, its employees, and agents; and (c) such entry constituting an eviction of Tenant or termination of this Lease.

27. ASSIGNMENT.

a. Tenant shall not assign, mortgage, pledge, encumber or in any manner transfer this Lease or any portion thereof, or any interest herein, or sublet the whole or any part of the Premises, without obtaining the approval of Landlord. In the event of any such occurrence, with or without Landlord's approval, Tenant shall, nevertheless, remain liable for the performance of all of the terms and conditions of this Lease and will require any assignee/sublessee to execute and deliver to Landlord an assumption of all of the terms and conditions of this Lease in form satisfactory to Landlord. Landlord shall be entitled to, and Tenant shall promptly remit to Landlord, any profit which may inure to the benefit of Tenant as a result of any partial or entire subletting of the Premises or assignment of this Lease, whether or not approved by Landlord.

b. For the purposes of this paragraph, Tenant understands that the transfer of a majority of Tenant's stock is tantamount to an assignment.

c. As a condition precedent to Tenant's right to sublease the Premises or to assign this Lease, Tenant shall, at Tenant's own expense, first comply with ECRA and fulfill all of Tenant's environmental obligations under this Lease pursuant to paragraph 51 which also arise upon termination of Tenant's lease term. If this condition is not satisfied, then Landlord shall have the right to withhold consent to sublease or assignment.

Tenant shall promptly furnish to Landlord true and complete copies of all documents, submissions and correspondence provided by Tenant to the Element and all documents, reports, directives and correspondence provided by the Element to Tenant. Tenant shall also promptly furnish to Landlord true and complete copies of all sampling and test results obtained from samples and tests taken at and around the Premises. Tenant shall notify Landlord in advance of all meetings scheduled between Tenant and NJDEP, and Landlord may attend all such meetings.

d. Should Tenant make an assignment or sublet the Premises or any portion thereof without the approval of Landlord, then Landlord may, at its option, terminate this Lease by giving Tenant five (5) days notice of Landlord's intention to do so and, upon the expiration of five (5) days, this Lease shall terminate and Tenant shall peaceably quit and surrender the Premises to Landlord; nevertheless Tenant shall remain liable as provided

elsewhere in this Lease. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Tenant by operation of law, without the approval of Landlord.

e. Subletting or assigning this Lease to anyone other than an actual user of the Premises is positively prohibited.

f. Tenant may assign this Lease or sublet the Premises or any part thereof to a subsidiary or controlled or affiliated concern of Tenant and of its parent, or a surviving company of a merger or consolidation of any of the foregoing without the Landlord's consent. Tenant is expressly granted consent to assign or sublet the Premises, or any portion thereof, to a wholly owned subsidiary.

28. SUBORDINATION. This Lease shall be subject and subordinate at all times to the lien of any mortgages and/or other encumbrances, common right-of-way's, easements and similar items existing or hereafter placed upon the Premises by Landlord, or with the permission of Landlord, without the necessity of any further instrument or act on the part of Tenant to effectuate such subordination. Tenant agrees, however, at the election of a mortgagee, to attorn to any holder of any mortgage to which this Lease is subordinate. Tenant agrees to execute and deliver promptly upon demand, and without charge, such further instrument or instruments evidencing such subordination of this Lease to the lien of any mortgage and/or other encumbrance. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to execute and deliver such instrument or instruments for and in the name of the Tenant provided same have not been executed by Tenant within ten (10) days after Landlord's notice to Tenant.

Landlord agrees that the subordination of the Lease to any future mortgage relating to the Premises shall be conditional and contingent upon any such mortgagee's agreeing that, so long as Tenant is not in default under the terms and conditions of the Lease, such mortgages shall not disturb Tenant's use, possession and occupancy of the Premises.

29. CERTIFICATIONS. Tenant agrees, within ten (10) days after Landlord's notice, to execute, acknowledge and deliver to Landlord a written instrument in recordable form certifying: (1) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same are in full force and effect as modified and stating the modifications); (2) that the Tenant has accepted possession of the Premises and the date on which the term of the Lease commenced; (3) the dates to which rent and additional rent have been paid in advance, if any; (4) whether or not to the best knowledge of the signer of such certificate, Landlord is in default in the performance of any covenant of this Lease, and, if so, specifying each such default of which the signers may have knowledge; (5) any other reasonable stipulation as may be required and/or requested by Landlord. It is understood that such instrument may be relied upon by a prospective purchaser of the fee or any mortgagee of the Premises.

Tenant shall provide to Landlord, if requested, its latest audited financial statement, accurately reflecting its financial condition for the latest fiscal year of Tenant. It is understood that such statement may be relied upon by a prospective purchaser of the fee or any mortgagee of the Premises.

30. DEFAULT. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

- a. Failure of Tenant to accept possession of the Premises within thirty (30) days after the effective date of the Lease;
- b. The vacating or abandonment of the Premises by Tenant;
- c. The failure by Tenant to pay, when due, any installment of rent hereunder or any additional rent or any such other sum herein required to be paid by Tenant;
- d. A failure by Tenant to observe and perform any other provision or terms and conditions of this Lease to be observed or performed by Tenant, where such failure continues for fifteen (15) days (or a lesser time period when an emergency or law requires or makes such a reduction for abatement and/or correction prudent; or when a lessor or non-notice provision is specifically provided for in any covenant of this Lease) after written notice thereof from Landlord to Tenant provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such fifteen (15) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion;
- e. The filing of a petition by or against Tenant for adjudication as a bankrupt or insolvent or for its reorganization or for the appointment pursuant to any local, state or Federal bankruptcy or insolvency law of a receiver or trustee of Tenant's property; or an assignment by Tenant for the benefit of creditors; or the taking of possession of the property of Tenant by any local, state or Federal governmental officer or agency or court appointed official for the dissolution or liquidation of Tenant or for the operating, either temporary or permanent, of Tenant's business; provided, however, that if any such action is commenced against Tenant, the same shall not constitute a default if Tenant causes the same to be dismissed within thirty (30) days after the filing of same.

REMEDIES

Upon the occurrence of any such event of default set forth above:

- a. Landlord may (but shall not be required to) perform for the account of Tenant the curing of any default of Tenant and immediately recover as additional rent any expenditure made and the amount of any obligations incurred in connection

therewith, plus interest at the rate of four percent (4%) per annum over the Midlantic National Bank/South prime rate from the date of such expenditure;

b. Tenant may cure any monetary default by making payment of the monies due, together with a late charge of 5% of the amount due not later than ten (10) calendar days after notice of the default has been given to Tenant. If said default should continue for a longer period, Landlord may accelerate all rent and additional rent due for the succeeding nine (9) months of the term of this Lease and declare the same to be immediately due and payable.

c. Tenant may cure any non-monetary default by correcting the default condition described in Landlord's notice to Tenant if said corrections are completed within twenty (20) calendar days after notice of the default has been given to Tenant. If said default should continue for a longer period, Landlord may accelerate all rent and additional rent due for the succeeding nine (9) months of the term of this Lease and declare the same to be immediately due and payable.

d. In the event of default, and the failure of Tenant to cure same within the designated time period, Landlord, at its option, may serve notice upon Tenant that this Lease and the then unexpired term hereof and all renewal options shall cease and expire and become absolutely void on the date specified in such notice, to be not less than five (5) days after the date of such notice without any right on the part of the Tenant to save the forfeiture by payment of any sum due or by the performance of any terms, provision, covenant, agreement or condition broken; and, thereupon and at the expiration of the time limit in such notice, this Lease and the term hereof granted, as well as the right, title and interest of the Tenant hereunder, shall wholly cease and expire and become void in the same manner and with the same force and effect (except as to Tenant's liability) as if the date fixed in such notice were the date herein granted for expiration of the term of this Lease. Thereupon, Tenant shall immediately quit and surrender to Landlord the Premises, and Landlord may enter into and repossess the Premises by summary proceedings, detainer, ejectment or otherwise and remove all occupants thereof and, at Landlord's option, any property thereon without being liable to indictment, prosecution or damages therefor. No such expiration or termination of this Lease shall relieve Tenant of its liability and obligations under this Lease, whether or the Premises shall be relet;

e. Landlord may, at any time after the occurrence of any event of default, re-enter and repossess the Premises and any part thereof and attempt in its own name, as agent for Tenant if this Lease not be terminated or in its own behalf if this Lease be terminated, to relet all or any part of such Premises for and upon such terms and to such persons, firms or corporations and for such period or periods as Landlord, in its sole discretion, shall determine, including the term beyond the termination of this Lease; and Landlord shall not be required to accept any tenant offered by Tenant or observe any instruction given by Tenant about such reletting or do any act or exercise any care or diligence with respect to such reletting or to the mitigation of damages. For the purpose of

such reletting, Landlord may decorate or make repairs, changes, alterations or additions in or to the Premises to the extent deemed by Landlord desirable or convenient; and the cost of such decoration, repairs, changes, alterations or additions shall be charged to and be payable by Tenant as additional rent hereunder, as well as any reasonable brokerage and legal fees expended by Landlord; and any sums collected by Landlord from any new tenant obtained on account of the Tenant shall be credited against the balance of the rent due hereunder as aforesaid. Tenant shall pay to Landlord monthly, on the days when the rent would have been payable under this Lease, the amount due hereunder less the amount obtained by Landlord from such new Tenant;

f. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises will be substantial, will exceed the amount of the monthly installments of the Rent payable hereunder, and will be impossible to measure accurately. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord upon the expiration date or sooner termination of the Lease, in addition to any other rights or remedies Landlord may have hereunder or at law, Tenant shall pay to Landlord, as liquidated damages, for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration date or sooner termination of this Lease, a sum equal to two times the aggregate of that portion of Base Annual Rent and Additional Rent that was payable under this Lease during the last month of the Term.

Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration date or sooner termination of the Lease.

g. In addition to all remedies provided herein or by law, Tenant shall pay to Landlord reasonable attorneys fees and court costs and any other expenses incurred as a result of such breach or default.

31. EXPIRATION. Upon the expiration date of this Lease or prior termination specified by Landlord pursuant to notice as provided for elsewhere in this Lease: (a) Tenant shall remove all of its personal property from the Premises; (b) Tenant shall peacefully quit and surrender to Landlord the Premises, broom clean and in the same condition in which Tenant has agreed to keep it during the Term. Tenant's obligation to observe or perform this covenant shall survive the expiration or prior termination date of this Lease; (c) Tenant, for itself and on behalf of any and all persons claiming through or under it, including, but not limited to, creditors of every kind, shall and does hereby waive and surrender all rights and privileges which it may have under or by reason of any present or future law, to redeem the Premises or to have a continuance of this Lease; (d) Landlord may enter and repossess the Premises as of Landlord's former estate and expel Tenant, and those claiming through or under Tenant from the Premises; (e) Landlord may remove from the Premises any property of Tenant and/or the property of those claiming through or under Tenant and, without notice to Tenant or others, sell such property or any part thereof at public or private sale or Landlord may treat such property or any part thereof as abandoned

and dispose of same in any manner as Landlord, at its option, elects, all at the risk and cost of Tenant and without any liability to Landlord whatsoever.

If during the last month of the term or prior termination, Tenant has removed all or substantially all of the Tenant's property from the Premises, Landlord may, without notice to Tenant, immediately enter the Premises to renovate and decorate the Premises, without liability to Tenant and without reducing or otherwise affecting Tenant's obligations hereunder.

32. NON-WAIVER BY LANDLORD. Landlord may restrain any breach or threatened breach of any covenant of this Lease by Tenant. However, the recitation herein of any particular remedy shall not preclude the Landlord from any other remedy it may have, either at law or in equity. Landlord, at its option, may pursue more than one remedy available either concurrently or separately. The failure of Landlord to insist upon the strict performance of any one of the terms and conditions of this Lease or to exercise any right, remedy or election provided for in this Lease, or permitted by law, shall not constitute or be construed as a waiver or relinquishment of such right, remedy or election. Landlord may, at its option, mitigate any damages caused or arising out of Tenant's breach of any of the terms and conditions of this Lease, but shall not be under any obligation or duty to do so. Any rights and remedies of Landlord, whether created by the terms of this Lease or existing at law, in equity, or otherwise, shall be distinct, separate and cumulative and no one of them, whether exercised by Landlord or not, shall be deemed to be in exclusion of any other.

No covenant of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing, signed by Landlord.

33. QUIET ENJOYMENT. Landlord covenants that upon Tenant observing and performing all the terms and conditions of this Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the term aforementioned.

34. SECURITY. Tenant has deposited with Landlord the sum of \$5,234.00 (carried over) as security for the faithful performance and observance by Tenant of the terms and conditions of this Lease. The depositing of said sum with the Landlord is a condition precedent to the valid execution of the Lease. Landlord, at its option, may use, apply or retain the whole or any part of the security so deposited for the payment of any sum for which Tenant is in default or for any sum which Landlord, at its option, may expend by reason of Tenant's default of any of the terms and conditions of this Lease. Any expenditures made by Landlord as herein stipulated shall be paid by Tenant as additional rent. Landlord shall be permitted to co-mingle Tenant security funds with other funds of Landlord and shall not be required to pay interest on any sum so held.

In the event that Tenant shall fully and faithfully comply with all the terms and conditions of this Lease, the security shall be returned to Tenant after the date fixed as the

end of the Lease and after delivery of the Premises by Tenant to Landlord pursuant to the terms and conditions of this Lease.

In the event of a sale of the Premises, Landlord shall have the right to transfer the security to the buyer and Landlord shall thereupon be relieved by Tenant from all liability for the return of such security and Tenant agrees to look to the buyer solely for the return of said security. The provisions hereof shall apply to every transfer or assignment made of the security to a new buyer. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither the Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

35. **BILLS/NOTICES.** Except as otherwise provided in this Lease, any bill, statement, or notice shall be deemed sufficient if written and delivered to Tenant personally or sent by certified mail, return receipt requested, to Tenant at the Premises. The time of mailing of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when same is mailed to Tenant as herein provided. Any notice by Tenant to Landlord must be served by certified mail, return receipt requested, to Landlord at the address herein given or at such other address as Landlord shall designate.

36. **WAIVER OF TRIAL BY JURY.** Landlord and Tenant agree that the respective parties shall and hereby do waive trial by jury in any action or proceeding brought by either of the parties hereto against the other on any matters arising out this Lease.

In any action brought by the Landlord against the Tenant, Tenant shall not interpose any counterclaim against Landlord, but same shall be subject to an independent action which is not to be consolidated with the Landlord's action.

This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted.

If Landlord institutes a dispossess or eviction action in response to Tenant's refusal to vacate the Premises, Tenant waives its right to invoke N.J.S.A. 2A:18-60. In any action brought by the Landlord against the Tenant, Tenant shall not interpose any counterclaim against Landlord, but same shall be subject to an independent action which is not to be consolidated with the Landlord's action.

37. **SIGNS.** The Tenant shall not place nor allow to be placed any signs upon or about the exterior of the building or the grounds of the Premises, or other property of Landlord unless of a design and structure and at such locations as shall be first approved by the Landlord and then the appropriate governmental authorities and/or agencies, if required.

Tenant, shall pay, as additional rent, all costs and charges incurred by Landlord related to the installation, repair, maintenance, or replacement of all signs related to the Tenant within the Cherry Hill Industrial Center.

38. BROKER. Tenant represents to Landlord that it has not dealt with any broker or similar service in connection with this Lease. Tenant shall hold and keep Landlord harmless from and against any claim for brokerage commissions and all liabilities and expenses arising therefrom.

39. NO REPRESENTATIONS. (a) Tenant has rented the Premises after a complete inspection and examination of its present condition and without any representation on the part of the Landlord, its agents, employees, and similar parties as to the condition or usefulness of the Premises; (b) Tenant does not acquire any rights, easements or licenses by implication or otherwise, except as are specifically provided for herein; (c) Tenant's possession of the Premises shall be conclusive evidence that the Premises were in good and satisfactory condition at the time Tenant took possession and that Tenant accepted same "as is" and in its present condition without any express or implied warranties; (d) upon execution of this Lease or anytime thereafter Tenant assumes the full and sole responsibility for the condition, safety, operation and management of the Premises pursuant to the terms and conditions contained herein.

40. LANDLORD'S APPROVAL. Except where specifically stated otherwise:

Whenever Landlord's approval or consent is required pursuant to any term or condition of this Lease, such approval shall be in writing and in advance for each occurrence. Landlord is under no duty or obligation to grant approvals.

Whenever this Lease provides for a Landlord's option, it is agreed such does not imply or constitute a duty or an obligation of Landlord.

Whenever this Lease provides for Landlord's approval which shall not be unreasonably withheld, it is agreed that Tenant's remedy in the event of Landlord's non-approval is limited to specific performance.

41. NET LEASE. It is intended that the rent and additional rent reserved hereunder shall be an absolutely net return to the Landlord throughout the Term. The rent and additional rent reserved hereunder shall be paid to the Landlord without any claim on the part of Tenant, or those claiming under Tenant, for diminution, setoff, deduction, or abatement except as is specifically provided for herein.

Tenant's obligation to pay rent and additional rent hereunder, and to perform the terms and conditions of this Lease shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of its obligations hereunder, or because Tenant's use

and occupancy of the Premises is disturbed for any reason other than as is specifically provided for herein.

42. LANDLORD'S BREACH. Tenant shall look solely to a sum that shall not exceed five percent (5%) of the net annual rental for the satisfaction of the remedies of Tenant in the event of a breach by Landlord of any of the covenant(s) of this Lease.

43. TENANTS WARRANTY. Tenant warrants that if it is a corporation that: (a) it is duly incorporated and/or qualified under the laws of the State of New Jersey and is authorized to do business in the State of New Jersey and is in good standing; (b) all necessary corporate action necessary to authorize the execution of this Lease upon the terms and conditions set forth herein have been duly taken; and (c) the officer(s) executing and delivering this Lease have been duly authorized to bind the corporation to the terms and conditions herein contained.

44. ADVERSE POSSESSION. Tenant shall not suffer or permit the Premises, or any portion thereof, to be used without restriction or in such a manner as might reasonably tend to impair Landlord's title to the Premises or in such manner as might reasonably make possible claims of adverse usage or adverse possession, or of implied dedication of the Premises or any portion thereof.

45. COMPLIANCE WITH THE NJ ENVIRONMENTAL CLEANUP RESPONSIBILITY ACT.

a. Tenant shall, at Tenant's own expense, comply with the Environmental Cleanup Responsibility Act, N.J.S.A. 13:1K-6 et seq., the regulations promulgated thereunder and any successor legislation and regulations, and any amendments or additions thereto, (hereinafter referred to as "ECRA"). Tenant shall, at Tenant's own expense, make all submissions to, provide all information to, and comply with all requirements of, the Industrial Site Evaluation or its successor ("Element") of the New Jersey Department of Environmental Protection ("NJDEP").

b. Tenant's obligations under this paragraph shall arise if there is any closing, terminating or transferring of operations of an industrial establishment at the premises pursuant to ECRA, whether triggered by Landlord or Tenant.

c. Provided this Lease is not previously cancelled or terminated by either party or by operation of law, Tenant shall commence its submission to the Element in anticipation of the end of the lease term no later than one (1) year prior to the expiration of the lease term. Tenant shall promptly furnish to Landlord true and complete copies of all documents, submissions, correspondence and oral or written communications provided by Tenant to the Element, and all documents, reports, directives, correspondence and oral or written communications by the Element to Tenant. Tenant shall also promptly furnish to Landlord true and complete copies of all sampling and test results and reports obtained and

prepared from samples and tests taken at and around the Premises. Tenant shall notify Landlord in advance of all meetings scheduled between Tenant and NJDEP, and Landlord may attend all such meetings.

d. Should the Element or any other division of NJDEP determine that a cleanup plan be prepared and that a cleanup be undertaken because of a spill or discharge of a hazardous substance or waste at the Premises which occurred during the term of the Lease, Tenant shall, at Tenant's own expense, promptly prepare and submit the required plan and financial assurances and shall promptly carry out the approved plans.

e. At no expense to Landlord, Tenant shall promptly provide all information requested by Landlord or NJDEP for preparation of a non-applicability affidavit, de minimus quantity exemption application, negative declaration application, limited conveyance application or other submission and shall promptly sign such affidavits and submissions when requested by Landlord or NJDEP.

f. Should Tenant's operations at the Premises be outside of those industrial operations covered by ECRA, Tenant shall, at Tenant's own expense, obtain a letter of non-applicability or de minimus quantity exemption from the Element prior to termination of the Lease term and shall promptly provide Tenant's submission and the Element's exemption letter to Landlord. Should Tenant obtain a letter of non-applicability or de minimus quantity exemption from the Element, then Tenant shall, at Landlord's option, hire a consultant satisfactory to Landlord to undertake sampling at the Premises sufficient to determine whether or not Tenant's operations have resulted in a spill or discharge of a hazardous substance or waste at/or around the Premises. Should the sampling reveal any spill or discharge of a hazardous substance or waste, then Tenant shall, at Tenant's expense, promptly clean up the Premises to the satisfaction of Landlord and NJDEP.

g. If Tenant fails to obtain either: (i) a non-applicability letter; (ii) a de minimus exemption; (iii) a negative declaration; or (iv) final approval of cleanup; (collectively referred to as "ECRA clearance") from the Element; or fails to clean up the Premises pursuant to subparagraph (f) above, prior to the expiration or earlier termination of the lease term, then upon the expiration or earlier termination of the lease term Landlord shall have the option either to consider the Lease as having ended or to treat Tenant as a holdover tenant in possession of the Premises. If Landlord considers the Lease as having ended, then Tenant shall nevertheless be obligated to promptly obtain ECRA clearance and to fulfill the obligations set forth in subparagraph (f) above. If Landlord treats Tenant as a holdover tenant in possession of the Premises, then Tenant shall monthly pay to Landlord double the regular and additional monthly rent which Tenant would otherwise have paid, until such time as Tenant obtains ECRA clearance and fulfills its obligations under subparagraph (f) above, and during the holdover period all of the terms of this Lease shall remain in full force and effect.

h. Tenant represents and warrants to Landlord that Tenant intends to use the Premises for light manufacturing, offices, warehousing and distribution which operations have the following Standard Industrial Classification ("SIC") numbers as defined by the most recent edition of the Standard Industrial Classification Manual published by the Federal Executive Office of the President, Office of Management and Budget: 3999. Tenant's use of the Premises shall be restricted to the classifications set forth above unless Tenant obtains Landlord's written prior written consent to any change in use of the Premises. Prior to the commencement date of Tenant's lease term, Tenant shall supply to Landlord an affidavit of an officer of Tenant ("Officer's Affidavit") setting forth Tenant's SIC numbers and a detailed description of the operations and processes Tenant will undertake at the Premises, organized in the form of a narrative report including a description and quantification of hazardous substances and wastes to be generated, manufactured, refined, transported, treated, stored, handled or disposed of at the Premises. Following commencement of the lease term, Tenant shall notify Landlord by way of a supplemental Officer's Affidavit, as to any changes in Tenant's operation, SIC number or use or generation of hazardous substances and wastes. Tenant shall also supplement and update Officer's Affidavit upon each anniversary of the commencement of the lease term. Tenant shall not commence or alter any operations at the Premises prior to (i) obtaining all required operating and discharge permits or approvals, including, but not limited to, air pollution control permits and pollution discharge elimination system permits from NJDEP, all governmental or public authorities having jurisdiction over Tenant's operations or the Premises, and (ii) providing copies of permits and approvals to Landlord.

i. Tenant shall permit Landlord and Landlord's agents, servants and employees, including, but not limited to, legal counsel and environmental consultants and engineers, access to the Premises for the purposes of environmental inspections and sampling during regular business hours, or during other hours either by agreement of the parties or in the event of any environmental emergency. Tenant shall not restrict access to any part of the Premises, and Tenant shall not impose any conditions to access. In the event that Landlord's environmental inspection shall include sampling and testing of the Premises, Landlord shall use its best efforts to avoid interfering with Tenant's use of the Premises, and upon completion of sampling and testing shall repair and restore the affected areas of the Premises from any damage caused by the sampling and testing.

j. Tenant's indemnification of Landlord as set forth elsewhere within this Lease shall extend to any and all claims, liabilities, losses, damages and costs, foreseen or unforeseen, including without limitation counsel, engineering and other professional or expert fees, which Landlord may incur by reason of Tenant's action or non-action with regard to Tenant's obligations under this paragraph.

k. This paragraph shall survive the expiration or earlier termination of this Lease. Tenant's failure to abide by the terms of this paragraph shall be restrainable by injunction without limiting Landlord's right to remedy as provided for elsewhere in this Lease.

46. HAZARDOUS MATERIALS. Tenant shall not bring, allow, use, dispose, or permit upon the Premises or generate, create, emit, or dispose at or upon the Premises any toxic or hazardous substances, materials or wastes as those substances, materials or wastes are defined by any applicable state or federal statutes and/or regulations or any applicable municipal or county ordinances, and any amendments or additions thereto, without being in full compliance with said statutes, regulations or ordinances. Tenant shall obtain and maintain all applicable state, federal, municipal and county permits relating to Tenant's processes or operations or the generation, storage or disposal of hazardous substances, materials or wastes on the Premises. Tenant shall not allow the disposal of hazardous substances, materials, or wastes on the Premises.

Tenant acknowledges that during the term of this Lease, chemical(s) or material(s) which Tenant uses, generates, repackages, stores or permits on the Premises may be legally banned or subject to mandatory modification or conversion. Tenant agrees that it will not, on the basis of such legal ban or mandatory modification or conversion, claim frustration of purpose, seek termination of the Lease, or seek abatement of rent. Tenant further agrees that it will comply fully, and at Tenant's own expense, with any said legal ban or mandatory modification or conversion.

47. ENVIRONMENTAL REPORTS. Tenant shall promptly provide Landlord with:

a. all documentation and correspondence provided to NJDEP pursuant to the Worker and Community Right to Know Act, N.J.S.A. 34:5A-1, et seq. and the regulations promulgated thereunder ("Right to Know Act"), and any amendments or additions thereto,

b. all reports and notices made by Tenant pursuant to the Hazardous Substance Discharge--Reports and Notices Act, N.J.S.A. 13:1K-15 et seq., and the regulations promulgated thereunder ("Reports and Notices Act"), and any amendments or additions thereto, and

c. any notices, correspondence and submissions made by Tenant to NJDEP, the United States Environmental Protection Agency (EPA), the United States Occupational, Safety and Health Administration (OSHA), or any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous waste or substances.

48. ENVIRONMENTAL LIENS. Tenant shall promptly notify Landlord as to any liens threatened or attached against the Premises pursuant to the Spill Act or any other environmental law. In the event that such a lien is filed against the Premises, then Tenant shall, within thirty (30) days from the date that the lien is placed against the Premises, and at any rate prior to the date any governmental authority commences proceedings to sell the Premises pursuant to the lien, either: (a) pay the claim and remove the lien from the

Premises; or (b) furnish either (i) a bond satisfactory to Landlord in the amount of the claim out of which the lien arises, (ii) a cash deposit in the amount of the claim out of which the lien arises, or (iii) other security satisfactory to Landlord in an amount sufficient to discharge the claim out of which the lien arises.

49. EXISTING CONDITIONS. Tenant agrees that Landlord is not in default of any of the provisions, terms, covenants or conditions of any prior leases. Tenant further agrees that it does not now have or hold any defenses, setoffs, or counterclaims against Landlord arising out of any prior leases or in any way relating thereto, or arising out of any other transaction between Tenant and Landlord which might be set off or credited against the accruing rents or additional rents.

50. BINDING OFFER. It is understood and agreed by the Landlord and Tenant that this Lease is an offer only and is submitted to Tenant for signature with the understanding that it shall not bind Landlord unless and until it has been executed by Landlord.

51. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the parties. No representative, agent, or employee of the Landlord has been authorized to make any representations or promises or to vary, alter or modify the covenants hereof. No additions, changes, modifications, renewals or extensions of this Lease shall be binding unless reduced to writing and signed by the Landlord and the Tenant.

This Lease may not be cancelled or terminated by Tenant without the consent of Landlord except as is specifically provided for elsewhere in this Lease.

52. APPLICATION AND DURATION. Wherever in this Lease an obligation is imposed upon or required of Tenant, same shall be at Tenant's sole cost and expense.

Obligations of Tenant pursuant to the terms and conditions of this Lease are: (a) for the Premises as set forth in exhibit "A" unless extended in scope pursuant to any particular provision and/or as the sense and circumstances of the text may require; (b) for the duration/term of the Lease unless having application before the commencement date and/or if they survive the expiration date or prior termination date pursuant to any provision contained herein.

53. VALIDITY. The terms and conditions of this Lease shall be deemed severable, if any clause or provision herein shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by the operation of any applicable law, such an occurrence shall not affect the validity of any other clause and/or provision herein, and this Lease and such other clauses and provisions shall remain in full force and effect.

Landlord, however, at its option, may pursue the relief or remedy sought in any invalid clause by conforming the said clause with the provisions of the statutes or the regulations of any governmental agency as if the particular provisions of the applicable statutes or regulations were set forth herein at length.

54. COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which taken together shall constitute one agreement binding on all parties hereto, notwithstanding that the parties shall not have signed the same counterpart.

55. GENDER NEUTER. In all references herein to any pronouns, parties, persons, entities, or corporation, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the sense and circumstances of the context may require.

56. BINDING AGREEMENT. All the terms and conditions contained herein shall be for and shall inure to the benefit of and shall bind the respective parties hereto, their heirs, successors and assigns.

57. APPLICABLE LAW. Landlord and Tenant agree that this Lease and any suits and/or special proceedings under it will be governed and construed pursuant to the laws of the State of New Jersey.

58. CAPTIONS. The captions are inserted only as a matter of convenience and in no way define, limit or describe the scope of this Lease nor the intent of any covenant thereof.

59. EXISTING CONDITIONS. Tenant agrees that Landlord is not in default of any of the provisions, terms, covenants or conditions of the lease dated April 22, 1985. Tenant further agrees that it does not now have or hold any defenses, setoffs, or counterclaims against Landlord arising out of the April 22, 1985 lease or in any way relating thereto, or arising out of any other transaction between Tenant and Landlord which might be set off or credited against the accruing rents or additional rents of the April 22, 1985 lease.

All prior leases between Landlord and Tenant shall terminate with the commencement of this lease.

IN WITNESS WHEREOF, Landlord and Tenant have respectively signed and sealed this Lease as of the date written.

CHERRY HILL INDUSTRIAL SITES, INC.

/s/ Jeffrey Burke

Witness as to Landlord

By: /s/ Paul H. Heise

Paul Heise, President

INTEST

/s/ Jeffrey Burke

Witness as to Tenant

By: /s/ Jack Edmunds

Date: February 16, 1996

STANDARD LEASE

Lease Preparation Date: AUGUST 5, 1996

Lessor: KIP PROPERTIES,
a California General Partnership

DBA: COMMERCE PARK - SUNNYVALE

By: R&B Commercial Management Company, Inc.
a California corporation
As Manager and Agent
2222 Corinth Avenue, RE: #P106
Los Angeles, California 90064

Lessee: INTEST CORP., A NEW JERSEY CORP.

Trade Name: INTEST CORP., A NEW JERSEY CORP.

1. BASIC LEASE TERMS.

1.1. "Premises": That certain space containing approximately 1,900 useable square feet, located in the area shown on the Site Plan attached hereto as Exhibit A and more particularly described in the Space Plan attached hereto as Exhibit A-1. The address of the Premises is: 1030 E. DUANE AVENUE, SUITE A, SUNNYVALE, CALIFORNIA 94086.

1.2. "Building Square Footage": Notwithstanding any other manner of measurement, the parties agree that for the purpose of this Lease the total Building Square Footage is 127,476 usable.

1.3. "Lessee's Notice Address": The address of the Premises unless otherwise specified here: 1030 E. DUANE AVE., SUITE A, SUNNYVALE, CALIFORNIA 94086.

1.4. "Lessor's Notice Address": 1095 E. DUANE AVE, STE. 101, SUNNYVALE, CALIFORNIA 94086.

1.5. "Lessee's Permitted Use": GENERAL OFFICE, SALES, ENGINEERING AND LIGHT MANUFACTURING.

1.6. "Lease Term": The Lease Term shall commence on SEPTEMBER 1, 1996 and ends on AUGUST 31, 2001 (60 months, and 0 days).

1.7. "Base Monthly Rent": \$1,862.00 payable in lawful money of the United States of America, and increased in accordance with the provisions of this Lease.

1.8. "Security Deposit": \$2,178.00 payable in lawful money of the United States of America.

1.9. "Lease Documentation Fee": N/A payable in lawful money of the United States of America.

1.10. "Lessee's Proportionate Share": .0149, as of date of execution of this Lease.

1.11. "Base Monthly Rent Increases": In the event that Lessee's Lease Term is greater than twelve (12) months, Lessee's Base Rent will increase to the amounts at the time noted below:

Effective Date of Increase -----	New Base Monthly Rent -----
SEPTEMBER 1, 1997	\$1,919.00
SEPTEMBER 1, 1998	\$1,995.00
SEPTEMBER 1, 1999	\$2,071.00
SEPTEMBER 1, 2000	\$2,147.00

1.12. "Expense Base Year": The calendar year 1996.

1.13. "Tax Base Year": The later of (i) the fiscal year commencing on JULY 1, 1996 and ending on JUNE 30, 1997, or (ii) the first year in which a tax bill for the Project reflects the full assessed value of the Project of improved real property.

1.14. "'Rent' or 'rent'": Base Monthly Rent, Additional Rent and/or any other sum required to be paid by Lessee to Lessor hereunder, whether or not such sums are specifically designated as rent in any other provision of this Lease.

1.15. "Project": The land, buildings, landscaping, parking and other improvements comprising that certain business complex of which the Premises are a part.

2. DEMISE AND POSSESSION.

2.1. Demise. Lessor hereby leases to Lessee, and Lessee leases from Lessor, the Premises for the Lease Term and upon and subject to the terms, conditions and other provisions of this Lease. Any statement of square footage set forth in this Lease, or that may have been used in calculating any rent due hereunder, is an approximation which Lessor and Lessee agree is reasonable and any rent based thereon is not subject to revision whether or not the actual square footage is more or less.

2.2. Delay in Possession. If for any reason Lessor cannot deliver possession of the Premises by the Commencement Date, Lessor shall not be subject to any liability, nor shall the validity of this Lease be affected. If Lessee has not contributed to such delay there shall

be a proportionate reduction of the Base Monthly Rent covering the period between the Commencement Date and the date Lessor actually tenders possession of the Premises to Lessee. If the Premises have not been tendered to Lessee on or before one hundred twenty (120) days from the Commencement Date, then either Lessor or Lessee shall have the right to terminate this Lease upon written notice to the other (provided that the party giving such notice has not been the cause of the delay).

2.3. Condition and Disclosure. Lessee acknowledges that it has examined the Premises and accepts the Premises "as is" and in its present condition, subject to any work described as "Lessor's Work" to be performed by Lessor in accordance with the terms and provisions of the Work Letter attached hereto as Exhibit B. Lessor makes no representation or warranty whatsoever, express or implied, concerning the fitness or suitability of the Premises or the Project for the conduct of Lessee's business or for any other reason. Lessee acknowledges that Lessee has made such investigations as it deems reasonable and necessary with reference to such matters and assumes all responsibility therefor as the same relate to Lessee's use and occupancy of the Premises and the Project.

2.4. Suite Acceptance Letter. Within five (5) days following Lessor's tender of the Premises to Lessee, Lessor and Lessee shall sign a Suite Acceptance Letter in the form attached hereto as Exhibit C, acknowledging the actual commencement and expiration dates of the Lease Term, the Base Monthly Rent, and all other information set forth in such form.

3. BASE MONTHLY RENT.

3.1. Base Monthly Rent. In advance, on the first day of each calendar month of the Lease Term, Lessee shall pay, without deduction or offset, prior notice or demand, Base Monthly Rent at the place designated by Lessor, provided that Base Monthly Rent for the first full calendar month of the Lease Term is due and payable upon execution of this Lease. In the event that the Lease Term commences or ends on a day other than the first day of a calendar month, a prorated amount of Base Monthly Rent shall be due for each such month, calculated using a thirty (30) day month.

3.2. Late Charges. Any rent which is not paid when due shall be deemed to be late, and if any rent is not paid within ten (10) days after it becomes due Lessee shall pay to Lessor as Additional Rent a late charge equal to ten percent (10%) of the amount of such late rent or the sum of Fifty Dollars (\$50.00), whichever is greater, for each month or fractional month from the date due until paid. A Twenty-Five Dollar (\$25.00) handling charge shall be paid by Lessee to Lessor for each returned check and, thereafter, Lessee shall pay all future payments of rent or other charges due by money order or cashier's check. Lessor and Lessee agree that in the event of late rent payments or returned checks, Lessor shall incur damages, the exact of amount of which are extremely difficult or impossible to ascertain, and that the late charges and handling charges described herein are not penalties but are a reasonable approximation of the actual amount of such damages.

3.3. Construction Obligations. The amount of Base Monthly Rent may include the projected cost of construction of Lessee's improvements as indicated on Exhibit B attached hereto. In the event that Lessee requests Lessor to construct additional improvements or if the final construction costs exceed the original estimates, such costs or expenses, upon itemized notice by Lessor, shall be paid by Lessee to Lessor, or Lessor may increase the Base Monthly Rent according to the terms and conditions outlined on Exhibit B, or elsewhere in this Lease.

4. ADDITIONAL RENT.

4.1. Definition.

(a) All charges payable by Lessee hereunder other than Base Monthly Rent are sometimes referred to herein as "Additional Rent." Unless this Lease provides otherwise, Additional Rent shall be due and payable with the next monthly installment of Base Monthly Rent and is subject to the provisions of Paragraph 3.2 hereof.

(b) The following terms shall have the meanings hereinafter set forth:

(i) "Expense Comparison Year": Each calendar year after the Expense Base Year.

(ii) "Operating Expenses": All costs and expenses of ownership, operation, maintenance, management, repair and insurance of the Project, including, but not limited to, the costs of the following: all supplies, materials, labor and equipment, used in or related to the operation and maintenance of the Project; all utilities, including, but not limited to, water, electricity, gas, heating, lighting, sewer, waste disposal, security, air-conditioning and ventilating costs and all charges relating to the use, ownership or operation of the Project; all maintenance, management, janitorial and service agreements related to the Project; all legal and accounting services; all business license and similar fees; all insurance including, but not limited to, the premiums and any other costs of fire, casualty and liability coverage, rent abatement and earthquake insurance and any other type of insurance related to the Project; all maintenance relating to the public and service areas within and around the Project, including, but not limited to, sidewalks, landscaping, service areas, driveways, parking areas, walkways, building exteriors (including painting), signs and directories, including for example, costs of resurfacing and restriping parking areas; amortization (along with reasonable financing charges) of capital improvements made to the Project which may be required by any government authority or which shall improve the operating efficiency of the Project, including without limitation all expenses associated with fire and life safety retrofitting; all Lessor's costs in managing, maintaining, repairing, operating and insuring the Project, including for example, clerical, supervisory and janitorial staff; however, Operating Expenses shall not include depreciation on the Project, loan payments, executive salaries or real estate broker commissions.

4.2. Operating Expenses. All capitalized terms used in this Section shall have the meanings ascribed to them in Paragraph 4.1(b), above.

(a) If the Operating Expenses incurred or paid by Lessor for any Expense Comparison Year during the Lease Term are greater than the Operating Expenses incurred or paid by Lessor for the Expense Base Year, then Lessee shall pay as Additional Rent an amount equal to such increase multiplied by Lessee's Proportionate Share. In the event of any partial Expense Comparison Year, Lessee shall pay the increase, if any, based on the number of days of the Expense Comparison Year included within the Lease Term.

(b) By April 1st of each Expense Comparison Year, Lessor shall provide Lessee a statement of Lessor's best estimate of Lessee's share of any increase in Operating Expense for such Expense Comparison Year over the costs for the Expense Base Year. Beginning with the next regular Base Monthly Rent payment, Lessee shall pay 1/12th of the increase multiplied by the number of elapsed months from the commencement of the Expense Comparison Year and thereafter shall continue to pay 1/12th of the increase each month until Lessee receives the next Expense Comparison Year's statement. By April 1st following each Expense Comparison Year, Lessor shall provide Lessee a statement showing the total actual Operating Expenses for the calendar year just ended, and Lessee's share of any increase over the Expense Base Year. If Lessee's estimates paid to date for the preceding calendar year are less than Lessee's share of the increase, Lessee shall pay the difference concurrently with the next payment of Base Monthly Rent. In the event that Lessee has paid more than its share of estimates for the preceding calendar year, Lessor shall credit such overpayment towards Lessee's future Operating Expense obligations. Failure of Lessor to furnish a statement of actual or estimated Operating Expenses shall not constitute a waiver of Lessor's right to collect from Lessee any amounts payable with respect to the increase in Operating Expenses.

(c) Lessee shall not be entitled to any reduction, refund, offset, allowance or rebate in Base Monthly Rent or any other rent due hereunder if the operating Expenses for any Expense Comparison Year are less than those of the Expense Base Year. In addition, if for any reason Lessor does not elect to bill Lessee for Operating Expense increases or estimates for a particular Expense Comparison Year, Lessor's right to charge Lessee for such expenses in subsequent years is not waived.

4.3. Taxes.

(a) Definitions. The following terms shall have the meaning set forth below:

(i) "Tax Comparison Year" is each fiscal year commencing on the anniversary of the Tax Base Year and ending twelve (12) months thereafter.

(ii) "Real Property Taxes" are all (i) real estate taxes, general and special assessments, license fees, license taxes, business license fees, commercial rental taxes, transit charges or taxes, levies and charges, and any penalties imposed by any taxing authority against the Project; (ii) any taxes or fees on Lessor's right to receive, or the receipt of, rent or income from the Project or against Lessor's business of leasing and operating the Project; (iii) any taxes or charges for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Project by any governmental agency; (iv) any taxes imposed upon this transaction, or based upon a re-assessment of the Project due to a change in ownership or transfer of all or part of Lessor's interest in the Project; and (v) any charges or fees replacing, substituting for, or in addition to any of the foregoing impositions previously included within the definition of Real Property Tax. Real Property Taxes do not, however, include Lessor's federal or state income, franchise, inheritance or estate taxes.

(b) If the Real Property Taxes incurred or paid by Lessor for any Tax Comparison Year ending or commencing during the Lease Term are greater than the Real Property Taxes incurred or paid by Lessor for the Tax Base Year, then Lessee shall pay Lessor an amount equal to such increase multiplied by Lessee's Proportionate Share. In the event of any partial Tax Comparison Year, Lessee shall pay the increase, if any, prorated for the number of days of such Tax Comparison Year included within the Lease Term.

(c) Following the end of each Tax Comparison Year, Lessor shall provide Lessee a statement of the amount of the increase, if any, in Real Property Taxes, but failure to do so by Lessor shall not constitute a waiver of Lessor's right to collect Lessee's share of any increase in Real Property Taxes. Upon receipt of the statement, Lessee shall pay in full the amount of its share of increase. If Real Property Taxes for any Tax Comparison Year is less than the Tax Base Year amount, Lessee shall not be entitled to any reduction in rent or to any refund offset, allowance or rebate of any nature. At Lessor's sole discretion, Lessor may charge Lessee estimated Real Property Taxes and such estimates shall be calculated and paid in a manner similar to that described above for Operating Expense estimates. Should the Lease Term expire before Lessor is able to determine the increase, if any, for the Lessee's last Tax Comparison Year, Lessor shall estimate the increase and Lessee shall pay the estimated amount upon demand by Lessor. If any estimate by Lessor which has been paid by Lessee exceeds the actual amount of any increase in Real Property Taxes, such difference shall be credited by Lessor against Lessee's future Real Property Tax obligation. If such estimate is less than the actual amount of Real Property Taxes, Lessee shall pay such difference to Lessor with the next installment of Base monthly Rent.

4.4. Personal Property Taxes. Lessee shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Lessee. Lessee shall have all personal property taxes billed separately from the Project. If any of Lessee's personal property is taxed with the Project, Lessee shall pay Lessor the taxes for the personal property upon demand by Lessor.

4.5. Other Impositions. Lessee agrees to pay as Additional Rent to Lessor Lessee's share of any parking charges, utility surcharges, occupancy taxes, or any other costs resulting from the statutes or regulations, or interpretations thereof, enacted by any governmental authority in connection with the use or occupancy of the Project or the parking facilities serving the Project, or any part thereof.

4.6. Place of Payment. All rent shall be paid by Lessee to Lessor at Lessor's Notice Address.

5. SECURITY DEPOSIT.

5.1. Concurrently with the execution of this Lease, Lessee shall pay the Security Deposit to Lessor as security for the faithful performance by Lessee of all of the terms, covenants, conditions and agreements of this Lease. If Lessee defaults with respect to any provision of this Lease, Lessor may retain, use or apply all or any part of the Security Deposit to compensate Lessor for any loss or damage suffered by Lessee's default including, but not limited to, the failure of Lessee to pay any rent due hereunder, and for the repayment of amounts Lessor is obligated to spend by reason of Lessee's default. If any portion is so retained, used or applied, Lessee, upon demand, shall deposit with Lessor an amount sufficient to restore the Security Deposit to the original amount plus any increased amounts as required by this Lease. Lessor shall not be required to keep the Security Deposit separate from its general funds, and Lessee shall not be entitled to interest on it. If Lessee fully and faithfully performs every provision of this Lease, the Security Deposit shall be returned to Lessee after the expiration of the Lease Term and the surrender of the Premises. In no event shall Lessee have the right to apply any part of the Security Deposit to any rent payable under this Lease.

6. LEASE DOCUMENTATION FEE.

6.1. For expenses incurred related to the transaction (or proposed transaction) contemplated by this Lease including, but not limited to, legal costs, administration and credit verification, Lessee shall pay to Lessor upon execution of this Lease, the Lease Documentation Fee. Lessee acknowledges that the Lease Documentation Fee is nonrefundable and shall not be credited to any rent which may become due during the Lease Term.

7. USE OF PREMISES.

7.1. Permitted Use. The Premises may be used and occupied only for Lessee's Permitted Use and for no other purpose. Lessee shall not use the Premises or any portion of the Project in any manner which will violate any covenants, conditions and restrictions and any federal, state and local laws, ordinances, orders and regulations, including, without limitation, the Americans with Disabilities Act, (collectively "Laws") affecting the Premises and the Project. Lessee shall at all times during the term hereof promptly comply with all

Laws affecting the Premises and the Project; provided, however, that if any such Laws require new construction or installation in the Premises or in the Project, which are not specifically required as a result of the use of the Premises or the Project by Lessee or any assignee or sublessee of Lessee, Lessee shall not be required to perform or pay for such construction or installations (except to the extent that the cost of such construction or installations may be deemed to be an Operating Expense hereunder, in which case, Lessee shall pay Lessee's proportionate share of such cost). Notwithstanding the foregoing, to the extent that any construction or installations to the Premises or the Project are required by any Laws as a result of the use of the Premises or the Project by Lessee or any assignee or sublessee of Lessee, then Lessee shall, at its sole cost and expense, (i) immediately notify Lessor in writing of all actions necessary to comply with such Laws, and (ii) if such action is required in the Premises, promptly take all such action subject to the provisions of this lease governing the making of alterations. If any such action is required outside the Premises, Lessor shall have the option to perform such construction or installations and to be reimbursed therefore by Lessee. Lessee shall not perform any act or carry on any practices that may injure the Project or the Premises or that may be a nuisance or menace, or that may disturb the quiet enjoyment of other occupants in the Project including, but not limited to, any act or practice resulting in the picketing of the Project or Premises by any person, the use of equipment which causes vibration, the use or storage of chemicals, or the generation of heat or noise which is not, in Lessor's sole opinion, property insulated. Lessee shall not cause, maintain or permit any outside storage on or about the Project. In addition, Lessee shall not perform any work or conduct any business whatsoever in the Project, outside the premises, or allow any condition or thing to remain on or about the Premises which diminishes the appearance or aesthetic qualities of the Premises and/or the Project and/or the surrounding property. Lessee shall not allow any animal to be brought upon the Project by its agents, employees, contractors or invitees.

7.2. Hazardous Substances.

(a) Definitions. For purposes of this Lease, the following terms shall have the respective meanings indicated:

(i) "Hazardous Substances" shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances," "infectious waste," or any similar substance as defined and used in any federal, state or local environmental control, health, or safety laws applicable to the Premises or the Project (collectively, the "Environmental Laws"), including the regulations adopted or publications promulgated pursuant to any such laws, and any other legal requirements, as they may be amended from time to time.

(b) Lessee shall not introduce any Hazardous Materials onto the Project, without the prior specific written consent of Lessor, which Lessor may withhold in its sole and absolute discretion, and Lessee shall comply with all applicable legal requirements pertaining to the storage, handling, use or disposal of any Hazardous Substances.

(c) Upon written request from time to time, Lessee shall promptly provide to Lessor the following information pertaining to all operations conducted in, on or about the Premises:

(i) Copies of all permits obtained from any local, state or federal agency or other authority;

(ii) Material safety data sheets for all chemicals in use at, manufactured at, imported to or stored at the Premises;

(iii) Copies of all materials filed with the Federal Occupational Safety and Health Agency under the OSHA Hazardous Communication Standard and all materials filed with the Department of Health, Department of Environmental Protection of any other federal, state or local agency or entity;

(iv) Maps, diagrams and site plans showing the location of all storage areas and containers for Hazardous Substances including details as to the amounts stored or used;

(v) A description of the operations conducted on the Premises and their processes;

(vi) A copy of any and all contracts entered into by Lessee for the removal, transportation and/or disposal of any Hazardous Materials from the Premises (if Lessee directly or indirectly causes any Hazardous Materials to be located on the Project, Lessee shall promptly enter into such a contract for removal and proper disposal thereof); and

(vii) Any other information that Lessor may reasonably require.

The requirement to furnish information concerning Hazardous Materials shall not be construed as meaning there are no restrictions on the Hazardous Materials that may be stored or used at the Premises.

(d) In the event the Hazardous Substances are discovered upon, in, or under the Project, and the applicable governmental agency or entity having jurisdiction over the Project requires the removal of such Hazardous Substances, Lessee shall be responsible for removing those Hazardous Substances arising out of or related to the use or occupancy of the Premises and/or the Project by Lessee or its agents, affiliates, customers, employees, business associates or assigns but not those of its predecessors. Notwithstanding the foregoing, Lessee shall not take any remedial action in or about the Premises or the Project, or enter into any settlement agreement, consent decree or other compromise with respect to any claims relating to any Hazardous Substance in any way connected with the Premises or the Project without first notifying Lessor of Lessee's intention to do so and affording Lessor the opportunity to appear, intervene or otherwise appropriately assert and protect Lessor's

interest with respect thereto. Lessee shall immediately notify Lessor in writing of: (i) any spill, release, discharge or disposal of any Hazardous Substance in, on or under the Premises, the Project or any portion thereof, (ii) any enforcement, cleanup, removal or other governmental or regulatory action instituted, contemplated, or threatened pursuant to any Environmental Laws, (iii) any claim made or threatened by any person against Lessee, the Premises, or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Substances; and (iv) any reports made to any environmental agency arising out of or in connection with any Hazardous Substances in, on or removed from the Premises or the Project, including any complaints, notices, warnings, reports or asserted violations in connection therewith.

(e) Lessor shall have the right, in its sole discretion, to require Lessee, at Lessee's sole cost and expense, to undertake and submit to Lessor a periodic environmental audit from an environmental company approved by Lessor, which audit shall cover Lessee's compliance with this Section 7.2. An environmental audit shall be conducted, at Lessee's sole cost and expense, in connection with Lessee's surrender of the Premises at the expiration or earlier termination of the Lease. Lessee shall promptly comply with all requirements of such audit and cure all matters raised therein at Lessee's sole cost. Lessee also agrees to comply with Lessor's request for additional information including questionnaires, necessary to assure Lessor of Lessee's compliance with the provisions of this Section 7.2.

(f) Lessee shall indemnify, protect, defend (with counsel chosen by Lessor) and hold harmless Lessor, Lessor's affiliates, and their partners, officers, directors, employees, agents (including any managing agent of the Project) and other representatives, and their successors and assigns, from and against any and all claims, demands, actions or liabilities for, and any and all loss or cost (including legal fees and expenses) in connection with (i) any injury, death, or damage, whether alleged or proven, direct or consequential, foreseeable or unforeseeable, directly or indirectly arising out of or related to the presence, use, generation, storage, discharge, spillage, seepage or disposal of Hazardous Substances by or with the knowledge or consent of Lessee or its officers, directors, employees, agents or representatives, and (ii) any required or necessary removal, repair, clean up or detoxification directly or indirectly arising out of or related to the presence, use, generation, storage, discharge, spillage, seepage or disposal of Hazardous Substances on, under or about the Premises during the Lease Term.

(g) Throughout the Lease Term (and for any other period Lessee or its successors and assigns may occupy all or part of the Premises), Lessee shall post, publish, or otherwise give notice of the existence of asbestos, asbestos-containing materials, tobacco and tobacco smoke, and all other Hazardous Substances in or about the Premises or the Project, in accordance with all applicable legal requirements, to Lessee's employees, contractors, visitors, and invitees and any others who may be entitled to notice under applicable legal requirements.

(h) All representations, warranties, covenants and other obligations of Lessee with respect to Hazardous Substances shall survive the expiration or earlier termination of this Lease.

(i) ANY CLAIM BETWEEN LESSOR AND LESSEE WHICH DIRECTLY OR INDIRECTLY RELATES TO OR ARISES OUT OF THE EXISTENCE OF A HAZARDOUS SUBSTANCE IN, ON OR ABOUT THE PROJECT, WHETHER BASED UPON THE THEORY OF NEGLIGENCE, STRICT LIABILITY, BREACH OF LESSOR'S WARRANTY OF HABITABILITY (IF ANY) OR ANY OTHER THEORY, SHALL BE SUBMITTED TO AND DECIDED BY BINDING ARBITRATION. BOTH PARTIES TO THIS LEASE, BY INITIALING THIS PROVISION, ARE GIVING UP THEIR RIGHT TO HAVE ANY SUCH CLAIM DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY. SUCH ARBITRATION SHALL BE HELD IN THE CITY AND STATE WHERE THE PROJECT IS LOCATED IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION FOR A SINGLE ARBITRATOR. THE ARBITRATOR SHALL AWARD ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, TO THE PREVAILING PARTY IN SUCH ARBITRATION. IF THE PROJECT IS IN CALIFORNIA, ALL OF THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1283.05 SHALL BE INCORPORATED INTO AND MADE APPLICABLE TO, THIS ARBITRATION AGREEMENT; IF THE PROJECT IS IN ANY OTHER STATE, THIS PROVISION SHALL BE CONSTRUED TO CONFER SIMILAR RIGHTS OF DISCOVERY UPON THE PARTIES TO THE EXTENT PERMISSIBLE UNDER THE LAWS OF SUCH STATE. THE ARBITRATOR'S AWARD, INCLUDING WITHOUT LIMITATION ANY PERMANENT INJUNCTION AWARDED BY THE ARBITRATOR, SHALL BE ENFORCEABLE IN ANY COURT OF COMPETENT JURISDICTION. NOTHING HEREIN SHALL BE DEEMED TO LIMIT THE RIGHT OF EITHER PARTY TO BRING ANY ACTION IN ANY COURT TO THE EXTENT SUCH PARTY IS REQUESTING A TEMPORARY RESTRAINING ORDER OR A PRELIMINARY INJUNCTION, BUT THE REMEDY OF PERMANENT INJUNCTION MAY BE AWARDED ONLY BY THE ARBITRATOR IN ACCORDANCE WITH THE PROVISIONS OF THIS PARAGRAPH. NOTHING HEREIN SHALL BE DEEMED TO LIMIT LESSOR'S RIGHTS IN THE EVENT OF LESSEE'S DEFAULT UNDER THIS LEASE, INCLUDING WITHOUT LIMITATION LESSOR'S RIGHT TO BRING AN ACTION FOR UNLAWFUL DETAINER UNDER THE LAWS OF THE STATE WHEREIN THE PROJECT IS LOCATED. FOR ANY PARTICULAR DISPUTE CONCERNING HAZARDOUS SUBSTANCES WHICH IS ARBITRABLE HEREUNDER, THIS ENTIRE PROVISION SHALL BE DEEMED TO BE OF NO EFFECT ONLY FOR SUCH PERIOD OF TIME THAT LESSEE AND LESSOR ARE BOTH NAMED PARTIES IN ANY THIRD PARTY LITIGATION WHICH ARISES OUT OF THE SUBJECT MATTER OF SUCH ARBITRABLE DISPUTE.

8. TENANT IMPROVEMENTS.

8.1. Any Tenant Improvements to be performed in the Premises ("Tenant Improvements") shall be performed in accordance with the terms, conditions and other provisions of the Work Letter attached hereto as Exhibit B. Except for that work designated in the Work Letter as "Lessor's Work," Lessor shall be under no obligation to alter, improve or otherwise perform any work in the Premises prior to or during the Lease Term.

9. PARKING.

9.1. Lessee and Lessee's customers, suppliers, employees, and invitees have the non-exclusive right to park in common with other lessees and/or persons in the parking facilities as designated by Lessor. Lessee shall not overburden the parking facilities and shall cooperate with Lessor and/or other lessees and persons in the use of the parking facilities. Lessor reserves the right to assign specific spaces and/or charge Lessee therefor as Additional Rent, to make changes in the parking layout from time to time, and to establish reasonable time limits on parking.

10. LESSOR'S RIGHTS.

10.1. All portions of the Project not within the Premises are reserved to Lessor. Lessor also reserves to itself the use of and access through the Premises to all spaces in or adjacent to the Premises which are used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sink or other building facilities, for the purpose of operating, maintaining, repairing and/or replacing the same. Without limiting the generality of the foregoing, Lessor shall have the right, without notice or liability to Lessee for damage or injury to property, persons or business, and without effecting an eviction or disturbance of Lessee's use or possession or giving rise to any claim for setoffs or abatement of rent, to (i) change the location and/or arrangement of, and/or to otherwise alter, plazas, entrances, passageways, doors, elevators, stairs, restroom facilities, and other public or common portions of the buildings and property not within the Premises, (ii) decorate, remodel, repair, alter, or otherwise prepare the Premises for re-occupancy or other use at any time after Lessee abandons the Premises, (iii) impose such controls on the manner of access to the buildings as Lessor may deem appropriate for the security of such buildings and their occupants (but Lessor shall have no duty to do so), and (iv) do or permit to be done any work in or about the exterior of such buildings or any adjacent or nearby building, land, street or alley.

11. UTILITIES. (Delete 11.1 or 11.2)

[11.1. Deleted]

11.2. Unserviced Space. Lessee shall pay for all water, gas, heat, light, power, sewer, electricity, or other services metered, chargeable to or provided to the Premises. Lessor reserves the right to install separate meters for any such utility.

11.3. No Liability. Lessor shall not be liable or deemed to be in default hereunder, nor shall there be any abatement of rent for any interruption or reduction of utilities (including telephone service) or services to the Project. Lessee agrees to comply with all energy conservation programs implemented by Lessor.

11.4. Telephone Service. Lessee shall contract and pay for all telephone and similar services for the Premises subject to the provisions of this Lease.

12. ALTERATIONS; MECHANIC'S LIENS.

12.1. Alteration. Lessee shall not make any alterations to the Premises without Lessor's prior written consent, which shall not be unreasonably withheld. Lessor's approval shall be deemed not to have been unreasonably withheld if Lessor refuses to grant approval because (i) Lessee's proposed alterations would potentially disturb any asbestos or Hazardous Substances in the Project, or (ii) Lessee's proposed alterations would affect any roof, foundation or other structural or mechanical system of the Project, would alter any common area in the Project, would be visible from the exterior of the Premises, or would fail to comply with any design criteria uniformly applied to the majority of lessees in the Project. Lessee shall have no right whatsoever to make any alterations to any portion of the Project other than the Premises. In the event Lessor gives its consent, no such alterations shall proceed without Lessor's prior written approval of (i) Lessee's contractor; (ii) insurance policies, or other evidence acceptable to Lessor of the existence of insurance coverage in favor of Lessee's contractor, for public liability including bodily injury and property damage with a combined single limit of not less than \$1,000,000, for automobile liability, including owned, non-owned and hired vehicles, with a limit of not less than \$500,000 per occurrence,

each of the preceding policies to be endorsed to name Lessor as an additional insured, for worker's compensation in the limits required by law, and for employer's liability with limits not less than \$1,000,000; and (iii) detailed plans and specifications for such work. Lessee shall reimburse Lessor upon demand for all fees and other costs incurred by Lessor including, without limitations any fees of consulting architects, engineers or the like, and of any managing agent for the review of proposed plans, whether or not approved, including, without limitation, if the work is approved, a fee (the "Work Review Fee") equal to ten percent (10%) of the construction cost of the work (including the value of any change orders) to reimburse Lessor for the cost of supervising Lessee's work. Lessor's approval of the plans, specifications and working drawings for Lessee's alterations shall create no responsibility or liability on the part of Lessor for their completeness, design sufficiency or compliance with all laws, rules and regulations of governmental agencies or authorities. The Work Review Fee shall be estimated and paid to Lessor prior to the commencement of any alterations work. If the actual cost to construct the work exceeds the initial estimate, the Work Review Fee shall be increased accordingly, and such increase shall be paid to Lessor upon demand. Before any alterations may begin, valid building permits or other required permits or licenses must be furnished to Lessor, and, once the alterations begin, Lessee shall diligently and continuously pursue their completion. At Lessor's option, any alterations may become part of the realty and belong to Lessor. If requested by Lessor, Lessee shall pay, prior to the commencement of construction, an amount determined by Lessor necessary to cover the costs of demolishing such alterations and/or the cost of returning the Premises to their condition before any such alterations. Lessor may also require Lessee to provide Lessor, at Lessee's sole cost and expense, a payment and performance bond in form acceptable to Lessor, in a principal amount not less than one and one-half times the estimated costs of such alterations, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of work.

12.2. Trade Fixtures. Notwithstanding anything to the contrary in Paragraph 12.1 above, Lessee may, with prior written consent of Lessor, install trade fixtures, equipment, and machinery in conformity with all applicable laws, and such fixtures shall, at the option of Lessor, be removed upon termination of this Lease and the Premises shall be restored to their original condition, except for reasonable wear and tear. Lessee shall repair any damage to the Premises occasioned by the removal of such fixtures.

12.3. Telephones. Private telephone systems and/or other related telecommunications equipment and lines may not be installed without Lessor's prior consent, which shall not be unreasonably withheld. All private telephone equipment shall be installed entirely within the interior of the Premises. Prior to the expiration of the Lease Term, all such equipment shall be removed and the Premises restored to substantially the same condition as before such installation.

12.4. Costs and Liens. Lessee shall pay when due all costs for alterations and shall keep the Premises, the Project and the underlying property free from any liens arising out of work performed for, materials furnished to or obligation incurred by Lessee. Lessee shall

give Lessor no less than three (3) and no more than five (5) days prior written notice of the date such alterations will commence, to enable Lessor to post such Notices of Nonresponsibility as Lessor deems appropriate. Lessee shall promptly pay all contractors and materials suppliers furnishing labor and materials in connection with any such alterations, so as to avoid the filing of any lien against the Premises or the Project. If any such lien is filed, Lessee shall cause the same to be released no later than ten (10) days following the filing thereof. If Lessee fails to cause the release of any lien as provided above, Lessor may pay the demand of the lien claimant in full or otherwise cause the release of such lien, and Lessee shall reimburse Lessor for all such costs upon demand.

12.5. Rights of Lessor. Lessor shall have the right to construct or permit construction of tenant improvements in or about the Project for existing and new lessees and to alter any public areas in and around the Project. Notwithstanding anything in this Lease to the contrary, no such construction shall be deemed to constitute a breach of this Lease by Lessor and Lessee waives any such claims which it might have arising from any such construction.

13. FIRE INSURANCE; HAZARDS AND LIABILITY INSURANCE.

13.1. Use. Lessee shall not do or permit anything to be done within or about the Premises which shall increase the existing rates of insurance on the Project or cause the cancellation of any insurance policy covering the Project. Nor shall Lessee keep, use or sell, or permit anyone to keep, use or sell, any article in or about the Premises, which may be prohibited by the standard form of fire and other insurance policies. Lessee shall, at its sole cost and expense, comply with any requirements of any insurance organization insuring the Project or any portion thereof. Lessee agrees to pay to Lessor, as Additional Rent, any increases in premiums on policies resulting from Lessee's Permitted Use or other use consented to by Lessor which increases Lessor's premiums or requires extended coverage by Lessor to insure the Premises.

13.2. Fire Insurance. Lessee, at all times during the term of this Lease and at Lessee's sole expense, shall maintain a policy of standard fire and extended coverage insurance with "all risk" coverage on all Lessee's improvements and alterations in or about the Premises and on all personal property and equipment to the extent of at least ninety percent (90%) of their full replacement value. The proceeds from this policy shall be used by Lessee for the replacement of personal property and equipment and the restoration of Lessee's improvements and/or alterations. This policy shall contain an express waiver, in favor of Lessor, of any right of subrogation by the insurer. Without limiting the generality of any other waiver or release that may be contained in this Lease, Lessee, on behalf of itself, its agents, directors, officers, principals, employees, representatives and successors and assigns, hereby releases Lessor, its agents, directors, officers, principals, employees and representatives of any claim that it might otherwise have against Lessor for destruction, damage, or other loss with respect to Lessee's property by fire or other cause as to which

Lessee is required to maintain insurance, whether or not such insurance is actually maintained.

13.3. General Liability. Lessee, at all times during the term of this Lease and at Lessee's sole expense, shall maintain a policy of commercial general liability coverage with a combined single limit of not less than \$2,000,000 for bodily injury and property damage insuring against all liability of Lessee and its authorized representatives arising out of or in connection with Lessee's use or occupancy of the Premises and including contractual liability coverage for the indemnification and other obligations of Lessee under this Lease. This policy of insurance shall name Lessor and any managing agent of the Project as an additional insured and shall release Lessor and any managing agent of the Project from any claims for damage to any person, any property, the Premises, and the Project, and to Lessee's personal property, equipment, improvements and alterations in or on the Premises or the Project, caused by or resulting from risks which are to be insured against by Lessee under this Lease.

13.4. Requirements. All insurance required to be provided by Lessee under this Lease shall (a) be issued by insurance companies authorized to do business in the state in which the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least A-, VI, or such other rating as may be required by any Lender, as set forth in the most current issue of "Best's Insurance Guide," (b) be primary and noncontributing with any insurance carried by Lessor, (c) require a deductible of no more than \$1,000, and (d) contain an endorsement requiring at least thirty (30) days prior written notice of cancellation to Lessor and any managing agent before cancellation or change in coverage under any policy. Lessee shall deliver a certificate of insurance or a copy of the policy to Lessor prior to taking occupancy of the Premises and shall provide evidence of renewed insurance coverage prior to the expiration of any policies. No insurance required or obtained by Lessee hereunder shall limit any liabilities or obligations of Lessee to Lessor under this Lease.

14. INDEMNIFICATION AND WAIVER OF CLAIMS.

14.1. Waiver. Except to the extent of Lessor's gross negligence or willful misconduct, Lessee, on behalf of itself, its agents, principals, employees, representatives, successors and assigns, hereby releases Lessor and its agents, principals, employees, representatives, successors and assigns, and waives all claims against such parties for damage to any property in or about the Premises or the Project and for injury to any persons, including death resulting therefrom regardless of cause or time of occurrence.

14.2. Indemnification. Lessee shall defend, protect, indemnify and hold Lessor, its agents, employees, principals, representatives, successors and assigns, harmless from and against any and all claims, actions, proceedings, expenses, damages and liabilities, including attorneys' and consultants' fees, arising out of, connected with, or resulting from any use of the Project by Lessee, its agents, employees, contractors, visitors or licensees, including, without limitation, any failure of Lessee to comply fully with all of the terms and conditions

of this Lease, except for any damage or injury which is the direct result of the willful misconduct or gross negligence of Lessor, its employees, or agents.

14.3. Exemption of Landlord From Liability. Except to the extent of Lessor's gross negligence or willful misconduct, Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other personal property of Lessee, or that of any employee, contractor, invitee or agent of Lessee, or of any other person in the Project with or without the consent of Lessor, or any other person in the Project with the consent of Lessee, whether such injury or damage is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising on the Premises or any other portion of the Project, or from any other source, including injury or damage caused by persons on the Project with or without the consent of Lessor or any other party, and regardless of whether the means of repairing the same is accessible or not. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

15. REPAIRS.

15.1. In General. Lessee shall, at its sole cost, keep and maintain the Premises and every part thereof including, without limitation, interior windows, skylights, doors, any store fronts and the interior of the Premises, in good and sanitary order, condition and repair. Lessee shall also at its sole cost keep and maintain all utilities, fixtures, plumbing and mechanical equipment (except for all HVAC equipment, which shall be maintained by Lessor and charged to Lessee as an Operating Expense) used by Lessee in good order and repair and furnish all expendables (e.g., light bulbs, paper goods, soaps, etc.) used in the Premises. The standard for comparison and need of repair will be the condition of the Premises at the commencement of this Lease and all repairs shall be made by a licensed and bonded contractor approved by Lessor.

15.2. Lessor's Rights. Lessee shall not make repairs to the Premises at the cost of Lessor whether by reduction of rent or otherwise; neither shall Lessee have any right to vacate the Premises or terminate the Lease if repairs are not made. Lessee hereby waives all rights Lessee may have under Section 1942 of the California Civil Code to make repairs and deduct the cost of the same from any rent due Lessor from Lessee hereunder. If during the Lease Term, any alteration, addition or change to the Premises is required by legal authorities, Lessee, at its sole expense, shall promptly make the same. Lessor reserves the right to make any such repairs not made or maintained in good condition by Lessee and Lessee shall reimburse Lessor for all such costs upon demand.

16. SALES; SIGNS.

16.1. Lessee shall not conduct or permit to be conducted any auction or sale on the Premises or the Project. Lessor shall have the exclusive right to control the placement, size, content and quality of any signs, and Lessee shall comply with the terms and conditions of the Sign Criteria set forth in Exhibit D attached hereto. Lessee shall not place signs which are visible from the outside of any buildings of the Project. Any signs not in conformity with this Lease or the Sign Criteria may be removed by Lessor at Lessee's expense.

17. ENTRY BY LESSOR.

17.1. In General. Lessor and Lessor's agents and contractors shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the same, maintaining the Project, or making repairs, alterations or additions to any portion of the Project, including, without limitation, the erection and maintenance of scaffolding, canopies, fences and props, posting notices of nonresponsibility, showing the Premises to prospective tenants during the last six (6) months of the Lease Term, or placing upon the Project any usual or ordinary "for sale" signs, without any abatement of rent and without any liability to Lessee for any loss of occupation or quiet enjoyment of Premises thereby occasioned. Lessee shall permit Lessor at any time within sixty (60) days prior to the expiration of this Lease, to place upon the Premises any usual or ordinary "to let" or "to lease" signs. Lessor shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Lessee's vaults, safes and filing cabinets. Lessee shall not alter any lock or install any new or additional lock or any bolt on any door of the Premises without the prior written consent of Lessor, which shall not be unreasonably withheld. If Lessor gives its consent, such work shall be undertaken by a locksmith approved by Lessor, at Lessee's sole cost, and Lessee shall furnish Lessor with a key. Lessor retains the right to charge Lessee for restoring any altered doors to their condition at any time prior to or following the installation of the new or additional locks.

18. ABANDONMENT.

18.1. Lessee shall not vacate or abandon the Premises at any time during the Lease Term or permit the Premises to remain unoccupied for a period longer than fifteen (15) consecutive days during the Lease Term. If Lessee abandons, vacates or surrenders the Premises, or is dispossessed by process of law, or otherwise, any personal property belonging to Lessee left in or about the Premises will, at the option of Lessor be deemed abandoned and may be disposed of by Lessor in the manner provided for by the laws of the state in which the Premises are located.

19. DAMAGE OR DESTRUCTION.

19.1. Definitions. The following terms shall have the meanings hereinafter set forth:

(a) "Partial Damage" shall mean damage or destruction to any improvements on the Project, other than those owned by Lessee, which damage or destruction would, in Lessor's judgment, require fewer than ninety (90) days from the date such damage or destruction occurs to repair or restore.

(b) "Total Destruction" shall mean damage or destruction to the Project, other than to improvements owned by Lessee, which damage or destruction would, in Lessor's judgment, require longer than ninety (90) days from the date such damage or destruction occurs to repair or restore.

(c) "Insured Loss" shall mean damage or destruction to improvements on the Project, other than to improvements owned by Lessee, which was caused by an event covered by the casualty insurance carried by Lessor on the Project, irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost, at the time of the occurrence of such damage or destruction, to repair or rebuild the Project to its condition existing immediately prior thereto, including, without limitation, demolition, debris removal and upgrading required by the operation of applicable building codes, ordinances or laws, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 7 hereof, on, under or about any portion of the Project.

19.2. Partial Damage -- Insured Loss. If any Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the foregoing, if the insurance proceeds are not sufficient to effect such repair, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Project unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said ten (10) day period, Lessor shall complete the repairs as soon as reasonably possible and this Lease shall remain in full force and effect. If Lessor does not receive such funds or assurance within said period, Lessor may nevertheless elect by written notice to Lessee within ten (10) days thereafter to make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect. If in such case Lessor does not so elect, then this Lease shall terminate sixty (60) days following the occurrence of the damage or destruction. Lessee shall in no event have any right to reimbursement from Lessor for any destruction.

19.3. Partial Damage -- Uninsured Loss. If Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee

shall make the repairs at Lessee's expense and this Lease shall continue in full force and effect), Lessor may, at Lessor's option, either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage of Lessor's desire to terminate this Lease as of the date sixty (60) days following the giving of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage totally at Lessee's expense and without reimbursement from Lessor. Lessee shall provide Lessor with the required funds or satisfactory assurance thereof within thirty (30) days following Lessee's said commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible and the required funds are available. If Lessee does not give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Lessor's notice to termination.

19.4. Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs (including any destruction required by any authorized public authority), this Lease shall terminate sixty (60) days following the date of such Premises Total Destruction, whether or not the damage or destruction is an Insured Loss or was caused by a negligent or willful act of Lessee. In the event, however, that the damage or destruction was caused by Lessee, Lessor shall have the right to recover Lessor's damages from Lessee.

19.5. Damage Near End of Term. If at any time during the last six (6) months of the term of this Lease there is Partial Damage, whether or not an Insured Loss, Lessor may, at Lessor's option, terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within thirty (30) days after the date of occurrence of such damage. Provided, however, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, within twenty (20) days following the date of occurrence of the damage, or before the expiration of the time provided in such option for its exercise, whichever is earlier ("Exercise Period"), (i) exercising such option and (ii) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs. If Lessee duty exercises such option during said Exercise Period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such fund or assurance during said Exercise Period, then Lessor may at Lessor's option terminate this Lease as of the expiration of said sixty (60) day period following the occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of the Exercise Period, notwithstanding any term or provision in the grant of option to the contrary.

19.6. Abatement of Rent; Lessee's Remedies.

(a) In the event of damage described in Paragraph 19.2 above, whether or not Lessor or Lessee repairs or restores the Project, and provided that such damage or destruction was not the fault of Lessee, the Base Monthly Rent and all other charges payable by Lessee hereunder for the period during which such damage, its repair or restoration continues, shall be abated only to the extent that such damage or destruction interferes with Lessee's ability to conduct business in the Premises. Except for the abatement of rent obligations hereunder, all other obligations of Lessee hereunder shall be performed by Lessee, and Lessee shall have no claim against Lessor for any damage suffered by reason of any such repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Project under the provisions of this Paragraph 19, and shall not commence, in a substantial and meaningful way, the repair or restoration thereof within sixty (60) days after such obligation shall accrue, and as a result thereof Lessee is unable to conduct business in the Premises, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any mortgagee or beneficiary under any mortgage or deed of trust, and any groundlessee under any ground lease, encumbering the Project (jointly or severally herein, the "Lenders," or a "Lender"), of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice to Lessor and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Lessor or any Lender commences the repair or restoration of the Premises within thirty (30) days after receipt of said notice, this Lease shall continue in full force and effect. "Commence" as used in this Paragraph shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

19.7. Hazardous Substance Conditions. If a Hazardous Substance Condition occurs and Lessee is not responsible to remediate the same pursuant to Paragraph 7 hereof, Lessor may, at Lessor's option, either (i) give written notice to Lessee of Lessor's intention to fund such remediation, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee of Lessor's election to terminate this Lease as of the date sixty (60) days following the giving of such notice. If Lessor elects to fund such remediation as provided in (i) above, Lessor shall promptly commence the same. If a Hazardous Substance Condition occurs and Lessee is not responsible for remediation thereof pursuant to Paragraph 7 hereof, Lessee's obligations under this Lease shall be abated to the same extent as provided in Paragraph 19.6 above.

19.8. Waiver Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises or the Project with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

20. ASSIGNMENT, SUBLETTING AND TRANSFERS OF OWNERSHIP.

20.1. No Transfer. Lessee shall not, without Lessor's prior written consent, which shall not be unreasonably withheld, assign, sell, mortgage, encumber, convey, or otherwise transfer all or any part of Lessee's leasehold estate granted hereunder, or permit the Premises to be occupied by anyone other than Lessee and Lessee's employees, or sublet the Premises or any portion thereof (collectively called "Transfer"). If Lessee is a partnership or a corporation, any transfer of general partnership interests or any transfer or issuance of stock resulting in a change in control of Lessee, shall be deemed to be an assignment hereunder.

20.2. Lessor's refusal to grant consent to any proposed Transfer shall be deemed to have been reasonable if: (a) in the reasonable judgment of Lessor the transferee is of a character or is engaged in a business which is not in keeping with the standards of Lessor for the Project; (b) in the reasonable judgment of Lessor any purpose for which the transferee intends to use the Premises is not in keeping with the standards of Lessor for the Project; provided in no event may any purpose for which transferee intends to use the Premises be in violation of this Lease; (c) the portion of the Premises subject to the transfer is not regular in shape with appropriate means of entering and exiting, including adherence to any local, county or other governmental codes, or is not otherwise suitable for the normal purposes associated with such a Transfer; (d) Tenant is in default under this Lease or any other Lease with Lessor; (e) transferee's net worth is less than the net worth of Lessee; (f) the proposed transferee or its business is subject to compliance with additional requirements of the law (including related regulations) commonly known as the "Americans with Disabilities Act" beyond those requirements which are applicable to the tenant desiring to assign or sublease; or (g) the proposed transferee is an existing Lessee in the Project, or is an individual or entity with whom Lessor is, at the time such transfer is proposed, negotiating for the lease of space in the Project.

20.3. Conditions. If Lessor elects to consider any proposed assignment or subletting by Lessee, Lessor may require that, as conditions precedent to such consideration of any proposed assignment of Lessee's interest in this Lease, or any subletting of the Premises, (i) at least thirty (30) days prior to the proposed effective date of any such transfer, Tenant shall provide Landlord with a statement containing (A) the name and address of the proposed sublessee or assignee; (B) a financial statement, prepared in accordance with generally accepted accounting principles, of the proposed assignee or sublessee containing bank and credit references; and (C) all of the principal terms and conditions of the proposed assignment or subletting, including, but not limited to, the commencement and expiration dates, the rent payable, and the precise area of the Premises subject to such assignment or subletting; (ii) Lessee shall deliver to Lessor an original assignment or sublease executed by Lessee and the proposed assignee or sublessee which shall expressly provide (A) for the assumption by such proposed assignee or subtenant of all of Lessee's obligations under this Lease; (B) that Lessee shall indemnify and hold Lessor harmless from any and all claims, obligations and liabilities (including reasonable attorneys' fees) arising from the use or occupancy by an assignee or sublessee of the Premises; (C) that Lessee shall further

indemnify and hold Lessor harmless from any costs, obligations or liabilities (including reasonable attorneys' fees) arising from any act or negligence of any such assignee or sublessee, and from any claim, action or proceeding brought thereon; (D) that in no event shall Lessee be deemed relieved of any obligation or liability under this Lease; and (E) that any proposed assignment or subletting shall not be deemed effective for any purpose unless and until Lessor's written consent thereto is obtained; and (iii) Lessee shall deliver to Lessor the sum of \$300 as a processing fee to reimburse Lessor for the administrative costs of reviewing such information. Lessee shall also pay Lessor, as a condition to any sublease or assignment becoming effective, all reasonable attorneys' fees and costs incurred in connection with such review, along with fifty percent (50%) of any consideration received by Lessee in excess of any consideration payable by Lessee to Lessor under this Lease, as and when such monies are received by Lessee from its assignee or sublessee, in connection with such assignment or subletting. Any consideration by Lessor of any particular proposed assignment or subletting shall not be deemed a waiver by Lessor of Lessor's absolute right to withhold consent to, or to refuse to consider, any proposed assignment or subletting.

20.4. No Waiver. Any consent to any Transfer which may be given by Lessor, or the acceptance of any rent, charges or other consideration by Lessor from Lessee or any third party, shall not constitute a waiver by Lessor of the provisions of this Lease or a release of Lessee from the full performance by it of the covenants stated herein; and any consent given by Lessor to any Transfer shall not relieve Lessee (or an transferee of Lessee) from the above requirements for obtaining the written consent of Lessor to any subsequent Transfer.

20.5. Collection. If a default under this Lease should occur while the Premises or any part of the Premises are assigned, sublet or otherwise transferred, Lessor, in addition to any other remedies provided for within this Lease or by law, may at its option collect directly from the transferee all rent or other consideration coming due to Lessee under the Transfer and apply these monies against any sums due to Lessor by Lessee; and Lessee authorizes and directs any transferee to make payments of rent or other consideration direct to Lessor upon receipt of notice from Lessor. No direct collection by Lessor from any transferee should be construed to constitute a novation or a release of Lessee or any guarantor of Lessee from the further performance of its obligations in connection with this Lease.

21. BREACH BY LESSEE.

21.1. Lessee shall be in material breach of this Lease if at any time during the Lease Term:

(a) Lessee fails to make payment of any installment of Base Monthly Rent, Additional Rent, or of any other rent herein specified to be paid by Lessee as and when due, or fails to provide reasonable evidence of insurance or surety bond as required under this Lease, or fails to fulfill any obligation under this Lease and thereby threatens or endangers life or property, where any such failure continues for a period of three (3) days following written notice thereof; or

(b) Lessee fails to observe or perform any of its other covenants, agreements or obligations hereunder, and such failure is not cured within ten (10) days after Lessor's written notice to Lessee of such failure; provided, however, that if the nature of Lessee's obligation is such that more than ten (10) days are required for performance, then Lessee shall not be in breach if Lessee commences performance within such ten (10) day period and thereafter diligently prosecutes the same to completion; or

(c) Lessee becomes insolvent, makes a transfer in fraud of its creditors, makes a transfer for the benefit of its creditors, voluntarily files for bankruptcy, is adjudged bankrupt or insolvent in proceedings filed against Lessee, convenes a meeting of all or a portion of its creditors, or performs any acts of bankruptcy or insolvency, including the selling of its assets to pay creditors; or a receiver, trustee, or custodian is appointed for all or substantially all of Lessee's assets; or

(d) Lessee vacates or abandons the Premises; or

(e) Any representation or warranty made by Lessee to Lessor in connection with this transaction is or becomes untrue.

22. REMEDIES OF LESSOR.

22.1. Repossession of Premises. Upon any termination of this Lease or of Lessee's right to possession without termination of the Lease, Lessee shall surrender possession and vacate the Premises immediately and deliver possession thereof to Lessor. Lessee hereby grants Lessor the full and free right, whether by changing or picking locks, if necessary, to enter and repossess the Premises, with or without process of law. Lessee releases Lessor of any liability for any damage resulting therefrom and waives any right to claim damage for such re-entry. Lessee also agrees that Lessor's right to re-lease or any other right given to Lessor hereunder or by operation of law is not relinquished.

22.2. Termination of Lease After Breach. If Lessee breaches this Lease before the end of the Lease Term, or if its right to possession is terminated by Lessor because of Lessee's breach of this Lease, then this Lease may be terminated by Lessor at its option, exercised by the giving of ten (10) days written notice to Lessee. On such termination, Lessor may recover from Lessee, in addition to any other amounts permitted by law:

(a) The worth, at the time of the award, of the unpaid Base Monthly Rent and Additional Rent which had been earned at the time of termination of this Lease;

(b) The worth, at the time of the award, of the amount by which the unpaid Base Monthly Rent and Additional Rent which would have been earned after the date of termination of this Lease until the time of the award exceeds the amount of the loss of rents that Lessee proves could have been reasonably avoided;

(c) The worth, at the time of the award, of the amount by which the unpaid Base Monthly Rent and Additional Rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss for such period that Lessee proves could be reasonably avoided; and

(d) Any other amounts necessary to compensate Lessor for all detriment proximately caused by Lessee's breach of its obligations under this Lease, or which in the ordinary course of events would be likely to result therefrom. The detriment proximately caused by Lessee's breach shall include, without limitation, (i) expenses for cleaning, repairing or restoring the Premises, (ii) expenses for altering, remodeling or otherwise improving the Premises for the purpose of relleting, (iii) brokers' fees and commissions, advertising costs and other expenses of relleting the Premises, (iv) costs of carrying the Premises such as taxes, insurance premiums, utilities and security precautions, (v) expenses in retaking possession of the Premises, (vi) attorneys' fees and court costs, (vii) any unearned brokerage commissions paid in connection with the Lease, (viii) parking fees or occupancy taxes due under the Lease, (ix) reimbursement of any concessions made or paid by Lessor to or for the benefit of Lessee in consideration of this Lease including, but not limited to, any moving allowances, contributions or payments by Lessor for Tenant Improvements or build-out allowances, free or reduced rent, free or reduced parking, and/or assumptions by Lessor of any of Lessee's previous Lease obligations.

22.3. Continuation of Lease After Breach. Notwithstanding the foregoing, in the event Lessee has breached this Lease and abandoned the Premises, this Lease, at Lessor's option, shall continue in full force and effect so long as Lessor does not terminate this Lease, and in such event Lessor may enforce all of its rights and remedies hereunder, including, without limitation, the right to recover rent as it becomes due. In addition, Lessor shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Subparagraph 22.3, the following acts by Lessor shall not constitute the termination of this Lease:

(a) Acts of maintenance or preservation or efforts to relet the Premises, including, but not limited to, alterations, remodeling, redecorating, repairs, replacements and/or painting as Lessor shall consider appropriate for the purpose of attempting to relet the Premises or any part thereof; or

(b) The appointment of a receiver upon the initiative of Lessor to protect Lessor's interest under this Lease or in the Premises.

22.4. Bankruptcy. In the event of bankruptcy, Lessee assigns to Lessor all its rights, title and interest in the Premises as security for its obligations and covenants set forth in this Lease.

22.5. Definitions and Incidental Rights.

(a) "The worth at the time of the award" of the amounts referred to above in Paragraphs 22.2(a) and 22.2(b), shall be computed by allowing interest at the rate of ten percent (10%) per annum. "The worth at the time of the award" of the amount referred to above in 22.2(c) shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco in effect at the time of the award, plus one percent (1%).

(b) Any efforts by Lessor to mitigate the damages caused by Lessee's breach of this Lease shall not waive Lessor's right to recover the damages set forth above.

(c) Nothing herein shall be construed to limit, impair or otherwise affect other provisions of this Lease regarding Lessor's right to indemnification from Lessee for liability arising prior to the termination of this Lease for personal injuries or property damage.

(d) No right or remedy conferred upon or reserved to Lessor in this Lease is intended to be exclusive of any other right or remedy granted to Lessor by statute or common law, and each and every such right and remedy shall be cumulative.

22.6. Right to Cure. Lessor may, but shall not be obligated to, cure any default on the part of Lessee under this Lease (whether or not such default would entitle Lessor to terminate this Lease), at any time and without notice to Lessee. Whenever Lessor shall so elect, all costs incurred by Lessor shall be paid by Lessee to Lessor on demand as Additional Rent.

22.7. Lessor's Designation. If Lessee shall be in arrears in the payment of rent, Lessee hereby irrevocably waives any right Lessee may have to designate the items against which any payments made by or on behalf of Lessee are to be credited, and Lessor may apply any payments made by or on behalf of Lessee to such items as Lessor may determine, regardless of and notwithstanding any designation or request by Lessee as to the items against which any such payments are to be credited.

23. SURRENDER.

23.1. At End of Lease Term. At the end of the Lease Term , Lessee shall surrender the Premises to Lessor, together with all additions, improvements and other alterations thereto, in broom-clean condition and in good order and repair except for ordinary wear and tear and damage for which Lessee is not obligated to make repairs under this Lease. If the Lease Term ends on the Expiration Date (rather than as a result of an early termination), then not less than thirty (30) days prior to the end of the Lease Term, Lessee shall remove all additions, improvements and other alterations made to the Premises by Lessee, repair all damage to the Premises caused by such removal and restore the Premises to the condition in

which they were prior to the alterations so removed. Notwithstanding the foregoing, Lessee shall leave in place any and all alterations which Lessor requests Lessee to leave in place.

23.2. Requirements. No act or thing done by Lessor or any employee or other agent of Lessor during the Lease Term shall be deemed to constitute an acceptance by Lessor of a surrender of all or part of the Premises unless such an intent is specifically acknowledged in a writing duly signed by Lessor; without limiting the generality of the foregoing, the delivery of keys to the Premises to Lessor or any employee or other agent of Lessor shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Lessor.

23.3. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof will, at the option of Lessor, (i) either constitute a merger of the leasehold estate into Lessor's interest(s) in the Project, or not constitute a merger (if no written election is made, no merger shall occur); and (i) either terminate all or any existing subleases or other Transfers, or at the option of Lessor, operate as an assignment to it of any or all of such Transfers.

24. ATTORNEYS FEES/COLLECTION CHARGES.

24.1. Proceedings. In the event of any legal action or arbitration proceeding between the parties hereto, reasonable attorneys' fees and consultants' fees and expenses of the prevailing party in any such action or proceeding shall be added to the judgment or award therein, provided, however, that where a party files multiple causes of action against the other party, or where there are crossclaims or counterclaims, the court or arbitrator shall award reasonable attorneys' fees to the prevailing party only to the extent such fees reflect services performed in connection with those causes of action on which the prevailing party has prevailed.

24.2. Collection. If Lessor utilizes the services of any attorney for the purpose of collecting any rent due and unpaid by Lessee or in connection with any other breach of this Lease by Lessee, Lessee agrees to pay Lessor actual attorneys' fees as determined by Lessor for such services, regardless of the fact that no legal action may be commenced or filed by Lessor.

25. CONDEMNATION.

25.1. If twenty-five percent (25%) or more of the Premises is taken for any public or quasi-public purpose by any lawful government power or authority, by exercise of the right of condemnation, eminent domain or other right of appropriation, or sold to prevent such taking, Lessee or Lessor may at its option terminate this Lease as of the effective date thereof. Lessee shall not because of such taking, assert any claim against Lessor or the taking authority for any compensation because of such taking, and Lessor shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Lessee.

If less than twenty-five percent (25%) of the Premises is taken, Lessor at its option may terminate this Lease. If Lessor does not so elect, Lessor shall promptly proceed to restore the Premises to substantially its same condition prior to such partial taking, allowing for any reasonable effects of such taking, and a proportionate allowance shall be made to Lessee for the Base Monthly Rent corresponding to the time during which, and to the part of the Premises which, Lessee is deprived on account of such taking and restoration.

26. RULES AND REGULATIONS.

26.1. Lessee shall faithfully observe and comply with the Rules and Regulations printed on or attached to this Lease and Lessor reserves the right to modify and amend them as it deems necessary. Lessor shall not be responsible to Lessee for the nonperformance by any other lessee or occupant of the Project of any of said Rules and Regulations, or of any provision of such Lessee's or occupant's lease.

27. ESTOPPEL CERTIFICATE.

27.1. Within ten (10) days following request by Lessor from time to time, Lessee shall execute and deliver to Lessor a certificate in writing certifying (i) that this Lease is in full force and effect an unmodified (or if modified, stating the nature of such modification and identifying the instrument by which such modification arose); (ii) the amount of the Base Monthly Rent and Additional Rent payable hereunder and the date to which rent and other charges are paid in advance, if any; (iii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder or events or conditions that with the passage of time, the giving of notice or both would constitute a default (or specifying such defaults if they are claimed), and (iv) such other matters concerning this Lease and the Premises as may be requested. Within ten (10) days following the request of Lessor, Lessee shall also deliver to Lessor financial statements of Lessee and any guarantor(s) of Lessee, prepared in accordance with generally accepted accounting principles. Any such certificate or financial statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or the Project or any portion thereof. Lessee's failure to deliver any such certificate or statement within the required time shall be conclusive upon Lessee that (1) this Lease is in full force and effect, without modification except as may be represented by Lessor; (2) there are no uncured defaults in Lessor's performance; and (3) not more than one (1) month's rent has been paid in advance. Lessee hereby appoints Lessor as Lessee's attorney-in-fact for the purpose of executing a certificate on behalf of Lessee setting forth the facts described in the previous sentence if Lessee fails to deliver such certificate within the required time.

28. HOLDOVER.

28.1. If Lessee remains in the Premises after the Lease Expiration Date, such continuance of possession by Lessee shall be deemed to be a month-to-month tenancy at the sufferance of Lessor terminable on thirty (30) days notice at any time by either party. All

provisions of this Lease, except those pertaining to term and rent, shall apply to the month-to-month tenancy. Lessee shall pay Base Monthly Rent in an amount equal to one-hundred and fifty percent (150%) of all rents payable for the last full calendar month of the regular Lease Term.

29. PROJECT REQUIREMENTS.

29.1. In the event Lessor requires the Premises for use in conjunction with another suite or for other reasons connected with the Project planning program, Lessor, upon notifying Lessee in writing, shall have the right to relocate Lessee to alternative space in the Project, at Lessor's sole cost and expense (excluding private telephone systems which Lessee must bear the cost of moving and installing), and the terms and conditions of this Lease shall remain in full force and effect excepting that the Premises shall be in a new location and the Base Monthly Rent and any Additional Rent shall be adjusted as necessary to reflect any increase or decrease in square footage. However, if such alternative space does not meet with Lessee's approval, Lessee shall have the right to cancel this Lease upon giving Lessor thirty (30) days' notice within ten (10) days of receipt of Lessor's notification of such relocation. If Lessee fails to give written notice of Lessee's cancellation of this Lease within such ten (10) day period, Lessee shall be deemed to have approved the alternative space provided by Lessor. Should Lessee elect to cancel the Lease as provided in this paragraph, the effective expiration date shall be the projected move-in date of such alternative space as indicated in Lessor's written notification to Lessee.

30. BREACH BY LESSOR/LIMITATION OF LIABILITY.

30.1. Lessor's Breach. In the event of any breach by Lessor hereunder, Lessee shall give notice of such breach and Lessor shall have a reasonable opportunity to cure the same. A copy of such notice shall be delivered to any mortgagee or beneficiary under any mortgage or deed of trust encumbering the Project, and to any groundlessor of the Project, if any such parties request such notice, and no such notice shall be deemed effective until all such parties are in receipt thereof.

30.2. Limitation of Liability. In the event of any actual or alleged failure, breach or default hereunder by Lessor, Lessee's sole and exclusive remedy shall be against Lessor's interest in the Project, and no principal, agent, or representative of Lessor shall be sued, be subject to service of process, or have a judgment obtained against him in connection with any alleged breach or default, and no writ of execution shall be levied against the assets of any such persons. These provisions are for the benefit of, and are enforceable by Lessor and also without limitation by any partner, shareholder, director, officer, employee or representative of Lessor, and by their successors in interest.

31. SUBORDINATION.

31.1. Without the necessity of any additional documents being executed by Lessee for the purpose of effecting a subordination, and at the election of Lessor or any mortgagee with a lien on the Project or any groundlessor with respect to the Project, this Lease shall be subject and subordinate at all times to (a) all groundleases or underlying leases which may now exist or hereafter be executed affecting the Project, and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Project, groundleases or underlying leases, or Lessor's interest or estate in any of said items is specified as security. In the event that any groundlease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Lessee will, notwithstanding any subordination, attorn to and become the Lessee of the successor in interest to Lessor, at the option of such successor in interest. Lessee covenants and agrees to execute and deliver, upon demand by Lessor and in the form requested by Lessor any additional documents evidencing the priority or subordination of this Lease with respect to any such groundlease or underlying leases or the lien of any such mortgage or deed of trust. Lessee hereby irrevocably appoints Lessor as attorney-in-fact of Lessee to execute, deliver and record any such document in the name and on behalf of Lessee.

32. MISCELLANEOUS PROVISIONS.

32.1. Sale by Lessor. In the event of a sale or other conveyance by Lessor of the Project, including without limitation, a conveyance by trustee's deed, the same shall operate to release Lessor from any Liability upon any of the covenants or conditions, expressed or implied, herein contained in favor of Lessee, and in such event Lessee agrees to look solely to the responsibility of the successor in interest of Lessor in and to this Lease. This Lease shall not be affected by any such sale, and Lessee agrees to attorn to the purchaser, successor or assignee.

32.2. Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this Lease by either party to the other shall be in writing and shall be considered sufficiently given and served upon the other party if delivered personally to the attention of a partner or officer of Lessee, if Lessee is not an individual, or if sent by certified mail, on the third day after mailing, postage prepaid, return receipt requested, and addressed to the parties' respective Notice Addresses. Either party may change its Notice Address in the manner specified herein for the giving of notices. Any notice from Lessor to Lessee may be signed and delivered by the managing agent of the Project with the same force and effect as if signed and delivered by Lessor.

32.3. Waivers. The failure of Lessor to insist in any case upon the strict performance of any term, covenant or condition of this Lease shall not be construed as a waiver of a subsequent breach of the same or any other covenant, term or condition; nor

shall any delay or omission by Lessor to seek a remedy for any breach of this Lease or the acceptance of rent by Lessor, be deemed a waiver by Lessor of its remedies or rights with respect to such a breach. No waiver by either party shall be deemed effective unless in writing and signed by the waiving party. Lessee hereby waives all rights under the provisions of Sections 1932, 1933, 1941 and 1942 of the Civil Code of the State of California, and all rights under any law in existence during the Lease Term authorizing a tenant to make repairs at the expense of a landlord or to terminate a lease upon the complete or partial destruction of the Premises. TO THE EXTENT PERMITTED BY LAW, LESSOR AND LESSEE EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING, INCLUDING ANY COUNTERCLAIMS, BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE, OR LESSEE'S OCCUPANCY OR USE OF THE PREMISES OR PROJECT.

32.4. Number and Gender. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm, partnership, or association. If there be more than one Lessee, the obligations imposed upon Lessee under this Lease shall be joint and several.

32.5. Headings. The headings or titles to paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

32.6. Modifications. This instrument contains all of the agreements and conditions made between the parties to this Lease and may not be modified orally or in any other manner than by an agreement in writing signed by all parties to this Lease. Lessee acknowledges that neither Lessor nor Lessor's agents have made any representation or warranty as to the suitability of the Premises to the conduct of Lessee's business. Any agreements, warranties or representations not expressly contained herein shall in no way bind either Lessor or Lessee, and Lessor and Lessee expressly waive all claims for damages by reason of any statement, representation, warranty, promise or agreement, if any, not expressly contained in this Lease.

32.7. Time. Time is of the essence of each term and provision of this Lease.

32.8. Binding Effect. The terms and provisions of this Lease are binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Lessor and Lessee.

32.9. Non-Disclosure. In consideration of Lessor's covenants and agreements hereunder, Lessee hereby covenants and agrees not to disclose any terms, covenants or conditions of this Lease to any other party without the prior written consent of Lessor.

32.10. Consent. If Lessee shall request Lessor's consent and Lessor shall fail or refuse to give such consent, Lessee shall not be entitled to any damages for any withholding by Lessor of its consent; Lessee's sole remedy shall be an action for specific performance or injunction, and such remedy shall be available only in those cases where Lessor has expressly agreed in writing not to unreasonably withhold its consent or where as a matter of law Lessor may not unreasonably withhold its consent.

32.11. Deposits. Lessor and Lessee hereby agree that Lessor shall be entitled to immediately endorse and cash Lessee's rent, Lease Documentation Fee, and the Security Deposit check(s) accompanying this Lease. It is further agreed and understood that such action shall not guarantee acceptance of this Lease by Lessor, but, in the event Lessor does not accept this Lease, such deposits except for the Lease Documentation Fee shall be refunded in full to Lessee. This Lease shall be effective only after Lessee has received a copy fully executed by Lessor.

32.12. Governing Law. This Lease is governed by and construed in accordance with the Laws of the state in which the Premises are located, and venue of any suit shall be in the county where the Premises are located.

32.13. Negotiated Terms. This Lease is a result of negotiations of the parties, each of which is knowledgeable in commercial leasing matters and each of which has had the opportunity to be represented by counsel, and at(of the terms have been agreed to by both Lessor and Lessee after prolonged negotiations. Accordingly, any rule of law or legal decision that would require interpretation of any provision of this Lease against the party that has drafted it is not applicable and is waived. The provisions of this Lease shall be interpreted in a reasonable manner to effect the purposes of the parties hereto.

32.14. Severability. If any provision of this Lease is found to be unenforceable, all other provisions shall remain in full force and effect.

32.15. Landlord's Lien. LESSOR HEREUNDER SHALL HAVE THE BENEFIT OF, AND THE RIGHT TO, ANY AND ALL LANDLORD'S LIENS PROVIDED UNDER THE LAW BY WHICH THIS LEASE IS GOVERNED.

32.16. Lender Requirements. Lessee hereby consents to amendment of this Lease as and to the extent required by any lender, provided that no such change shall increase the rent payable under this Lease or impair Lessee's occupancy or use of the Premises.

32.17. Counterparts. This Lease may be executed in one or more counterpart copies, and each of which, so executed, irrespective of the date of execution and delivery, shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. The signature pages of one or more of the counterpart copies may be removed from such counterpart copies and all be attached to the same copy of this Lease which, with all signature pages attached, shall be deemed to be an original Lease.

32.18. No Third-Party Benefits. Except as may be specifically provided to the contrary, this Lease is solely to establish various rights between parties to this Lease, and no "third-party" or other person will be entitled to any rights or benefits from this Lease or to rely on this Lease in any way, nor may this Lease serve as the basis of any obligation or other liability of a party to a person who is not a party.

32.19. Survival. Any obligation of Lessor or Lessee that by its nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after the expiration or earlier termination of the Lease Term, and any liability for a payment or other obligation that shall have accrued or otherwise relates to any period ending prior to or at the time of expiration or other termination of the Lease Term, or the end of Lessee's occupancy of the Premises if later, unless specifically otherwise provided in this Lease, shall survive the expiration or other termination of this Lease.

32.20. No Recording. Lessee shall not record this Lease or any short form or memorandum of this Lease.

32.21. Expansion. If during the Lease Term, Lessee executes a Lease within the Project for space larger than the Premises with a lease having a lease term longer than that which remains on this Lease or one (1) year, whichever is greater, with a base monthly rent amount at least equal to the Base Monthly Rent then payable under this Lease, then this Lease shall be terminated upon the commencement date of the lease for such new space. Notwithstanding the foregoing, Lessee shall be obligated to pay for any adjustments in rent pursuant to Paragraphs 3 and 4 hereof, and this obligation shall survive the termination of this Lease.

32.22. Commissions. Lessee represents and warrants to Lessor that Lessee's sole real estate broker in connection with this Lease is _____, and that there are no other persons entitled to the payment of a commission as a result of Lessee and Lessor entering into this Lease; and Lessee agrees to indemnify, protect, defend and hold Lessor harmless from and against any claims for any commissions or other fees arising out of a claim therefor by any other broker, finder or salesperson.

32.23. No Partnership. No provision of this Lease and no actions of the parties hereto shall be construed to create a partnership or joint venture between Lessor and Lessee, or make either party responsible for the debts and losses of the other.

33. SPECIAL PROVISIONS.

33.1. Special provisions of this Lease number 34 through 35.00 are attached hereto and made a part hereof. If none, so state in the following space: .

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the day and year indicated by Lessor's execution date as written below.

Individuals signing on behalf of Lessee warrant that they have the authority to bind their principals. In the event that Lessee is a corporation, Lessee shall deliver to Lessor, concurrently with the execution and delivery of this Lease, a certified copy of corporate resolutions adopted by Lessee authorizing said corporation to enter into and perform the Lease and authorizing the execution and delivery of the Lease on behalf of the corporation by the parties executing and delivering this Lease.

THIS LEASE, WHETHER OR NOT EXECUTED BY LESSEE, IS SUBJECT TO ACCEPTANCE AND EXECUTION BY LESSOR, ACTING ITSELF OR BY ITS AGENT ACTING THROUGH ITS SENIOR VICE PRESIDENT, VICE PRESIDENT OR REGIONAL MANAGER AT ITS HOME OFFICE.

LESSOR

KIP PROPERTIES,
a California General Partnership

DBA: COMMERCE PARK -
SUNNYVALE

By: R & B Commercial Management
Company, Inc. (Agent) a California
corporation

BY /s/ Kevin M. Fitzpatrick

KEVIN M. FITZPATRICK
REGIONAL MANAGER

DATE 8/16/96

(Execution Date)

BY _____

DATE _____
(Execution Date)

LESSEE

INTEST CORP., A NEW JERSEY CORP.

BY /s/ Hugh T. Regan, Jr.

HUGH T. REGAN, JR.
CHIEF FINANCIAL OFFICER

DATE 8/12/96

(Execution Date)

BY _____

DATE _____
(Execution Date)

Special Provision 34.

Lessor has instituted an Operations and Maintenance Program ("O&M") directed at maintaining the Premises in accordance with applicable federal and state requirements with respect to asbestos-containing materials ("ACM"). ACM exists in the acoustical ceilings at the Project, and may also exist in the insulation, fireproofing and floor tiles of the Project. Lessee shall at all times during the term hereof comply strictly with all rules and regulations promulgated by Lessor in connection with the concerning O&M and the ACM at the Project, including without limitation the following:

(a) Lessee shall provide its contractors and employees who work in the Project with such notices concerning ACM as are required by California's Asbestos Notification Law (Health & Safety Code ss.ss. 25915 et seq.), and all other federal, state and local laws. Lessee shall comply, and cause its employees, agents, contractors and invitees to comply, with all laws and regulations applicable to ACM, including without limitation work practice and notification regulations in the event of any work or activities which might disturb the ACM. Lessee shall not permit any such activities to commence or continue without first notifying and obtaining the prior written consent of Lessor, which may be withheld in Lessor's sole discretion. If any ACM-related work is performed by or at the request of Lessee, Lessee shall promptly provide Lessor with documentation establishing, as to each and every performance of such work, that the same was performed strictly in accordance with applicable government standards and with the requirements of this Lease.

(b) Lessee shall not take or permit any action which would in any way damage or disturb any ACM in the Project. Lessee agrees that it shall not permit any of the ceiling or floor tiles in the Premises to be removed, cut, drilled or otherwise pierced for any purpose, nor shall any object be permitted to hang from or come into contact with the ceiling in the Premises. Lessee shall not undertake any activity which would cause vibration of any ACM, nor shall Lessee permit any water or other liquid to seep out of the Premises into the ceiling of any other Tenant in the Project. Lessee shall not permit any repairs or painting to be performed on or to the floors, insulation, fireproofing or ceilings in the Premises except to the extent expressly permitted in writing by Lessor, which permission may be withheld in Lessor's sole discretion if any such work could have the effect of disturbing any ACM or violating the O&M.

(c) Lessee shall notify Lessor immediately in the event Lessee becomes aware of any violation of the provisions described in Paragraph (b) above, and/or if any part of the ceiling, floor, fireproofing or insulation shows signs of any damage, including without limitation, leaking, discoloration, cracking, dislodged material, shredding or any other damage or wear.

Special Provision 35.

Trash Removal shall mean the sum of \$31.00 per month, which is in addition to the monthly rent. Lessor, at its option, can throughout the term of this Lease adjust the portion of rent applied to trash removal when there is an adjustment in the fee charged for such removal.

EXHIBIT A

[Diagram of property location]

EXHIBIT A-1

[Diagram of Leased Office Space]

EXHIBIT B

A. AGREEMENT

- A.1 Lessor and Lessee agree to the construction of improvements in the Premises according to the terms and conditions of the Lease, EXHIBIT "A", and this EXHIBIT "B"
- A.2 Lessor will provide Lessee with final detailed plans and specifications of all proposed improvements on or before contained herein.
- A.3 Lessee will return to Lessor a copy of said final detailed plans and specifications EXHIBIT "A1" approved by Lessor on or before August 15, 1996, subject to the provisions of paragraph D.1 DELAYS of this EXHIBIT "B".
- A.4 Any changes required by Lessee to final plans and specifications previously approved by both Lessor and Lessee, shall be approved by Lessor at its sole discretion, subject to the provisions of paragraph D.1 of this EXHIBIT "B".
- A.5 Lessor will complete all final proposed improvements to the best of its ability on or before September 30, 1996 subject to the provisions of paragraph D.2 DELAYS of this EXHIBIT "B".

B. LESSEE PAID IMPROVEMENTS

None

C. METHOD OF PAYMENT

- C.1 _____ are to be paid by Lessee to Lessor subject to the provisions of E.3 of this EXHIBIT "B" in the manner stated below:

D. DELAYS

- D.1 Should Lessee not submit approved final plans and specifications to Lessor by the date indicated in paragraph A.3 of this EXHIBIT "B", Lessor will not be subject to any

liability and the validity of this Lease will not be affected in any way. However, Lessor also reserves the right at its sole discretion, to terminate this Lease.

D.2 The commencement of rent on the date specified in paragraph 1.6 of this Lease will not be postponed or waived and Lessor will not be subject to any liability if:

- (1) Lessee is the cause of any delay in construction. By way of example, including but not limited to: Lessee's request for a delay; the installation of lessee's trade fixtures and/or equipment; Lessee's request for additional improvements after plans and specifications have been approved as described in paragraph A.3,
- (2) Lessor is unable to complete all improvements by the date indicated in A.5 of this EXHIBIT "B" due to circumstances beyond Lessor's reasonable control, including but not limited to: requirements by and governing authority; shortages; strikes; material delivery delays; or acts of God.

E. ADDITIONAL COSTS

E.1 Any changes required by any governing authority to Lessee approved final plans and specifications to conform to local, state or federal laws will be at the sole cost of Lessee, in addition to any other previously agreed upon improvement costs, if such changes are determined to be for the Lessee's special use and not part of the general requirements of Lessor to lease space at the Project, in accordance with the provisions of paragraph E.3 of this EXHIBIT "B".

E.2 Should any changes to previously approved plans and specifications be required by Lessee:

- (1) the cost of such revised final plans and specifications shall be at the sole cost of Lessee;
- (2) the cost of any changes resulting from such revised plans and specifications shall be at the sole cost and expense of Lessee; and such charges shall be subject to the provisions of paragraphs D and E.3 of this EXHIBIT "B".

E.3 Any additional costs including costs of revised construction drawings, incurred as a result of the changes described in paragraphs E.1 and E.2 above, or if for any other reason the actual costs of improvements exceed Lessor's estimated improvement costs, such costs or expenses shall be paid by Lessee to Lessor immediately upon receipt by Lessee of Lessor's itemized notice.

F. LESSOR'S PAID IMPROVEMENTS

F.1 Lessor at its sole cost will provide the following improvements:

- (1) Repair mini-blinds.
- (2) Paint warehouse floor. Area to be painted to be cleared by Lessee prior to commencement of work.
- (3) Air balance HVAC; re-direct airflow from warehouse to office area if air flow is found to be insufficient to satisfy office requirement.

All work to be done during normal business hours.

Should Lessee's scope of work change due to Lessee's request, any additional improvements and cost will be at the sole cost of Lessee.

EXHIBIT C

SUITE ACCEPTANCE LETTER

Pursuant to the Lease between the undersigned Lessor and Lessee dated _____, the undersigned Lessee hereby accepts those certain Premises known as Suite _____ located in the _____ Project at _____, and acknowledges the following:

1. The Premises comprises approximately _____ (rentable/usable) square feet.
2. Lessee's Proportionate Share is _____%.
3. Base Monthly Rent shall commence at _____ per month on _____.
4. The Commencement Date is _____; the Lease shall expire on _____.

LESSOR:

DBA:

By: R&B Commercial Management
Company, Inc. (Agent)
a California corporation

By: _____

Its: _____

LESSEE:

EXHIBIT D

SIGN CRITERIA - COMMERCE PARK SUNNYVALE

This criteria establishes the uniform policies for all Lessee sign identification within Commerce Park Sunnyvale. This criteria has been established for the purpose of maintaining the overall appearance of the park. Conformance will be strictly enforced. Any sign installed that does not conform to the sign criteria will be brought into conformity at the expense of the Lessee.

A. General Requirements:

1. A drawing of the size and shape of the approved sign is shown below. All sign costs shall be paid for by Lessee.
2. Lessor shall approve all copy and/or logo design prior to the installation of the sign.
3. Lessor shall direct the placement of all Lessee signs and the method of attachment to the building.
4. Lessee shall be responsible for the fulfillment of all requirements for this criteria.

B. General Specifications:

1. The sign's dimensions shall be 11 1/4" high by 48" wide and the sign shall be of kiln dried redwood, sandblasted technique, painted with the Lessor approved paint standards.
2. Lessee shall be allowed one sign regardless of size of occupancy.
3. All sign lettering and Lessor approved logo shall be no larger than four inches in height. The color of lettering, border and logo is to be as approved by Lessor. No other color shall be allowed.
4. No electrical or audible signs will be allowed.
5. Upon removal of any sign, any damage to the building will be repaired by Lessor and at the sole cost of Lessee.
6. Except as provided herein, no advertising placards, banners, pennants, names, insignia, trademarks, or other descriptive material shall be affixed or maintained upon any automated machine, glass panes of the building, landscaped areas, streets or parking areas.
7. Signs may be purchased through the approved sign manufacturing companies listed below:

CAD CRAFTERS 408-970-8777

C. Color Specifications

1. Interior and Sides of sign to be Sinclair Paint - Charcoal Color (KX55Y-1-GY36-F5Y-1/5-4732).
2. Front Border Trim and letters to be Sinclair Paint - Off White Color (C1Y-H10-J18L21Y-24D).

EXHIBIT E
RULES AND REGULATIONS

1. SIGNS/WINDOWS

All Lessee identification signs shall be approved by Lessor and shall be at Lessee's expense. No sign, placard, picture, advertisement, name or notice shall be attached to any part of the outside of any Premises other than as described in Exhibit "C" of this Lease and if so placed Lessor shall have the right to remove any such sign, placard, picture, advertisement, name or notice at Lessee's expense.

Lessee shall not place nor allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the leased Premises, nor conflict with the above.

Lessor will provide a standard drape, blind or window covering that shall not be altered or removed by Lessee.

Lessee is responsible to keep windows washed, inside and/or out. No awning or shade shall be affixed or installed over or in the windows or the exterior of the premises.

2. COMMON AREA/ROOF

Area used in common by lessees shall be subject to such regulations as Lessor may prescribe.

The sidewalks, entrances and exits, hall passages and stairways, if any, shall not be obstructed or used by Lessee for any purpose other than for ingress and egress. The hall passages, exits, entrances, stairways and roofs are not for the use of the general public and Lessor shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgement of the Lessor shall be prejudicial to the safety, character, reputation and interests of the premises and lessees, provided that nothing herein contained shall be construed to prevent such access to persons with whom Lessee normally deals in the ordinary course of Lessee's business unless such persons are engaged in illegal activities. Neither Lessee nor employees or invitees of Lessee shall go upon the roof of any building of the Project.

3. RESTROOM FACILITIES

The washrooms and restrooms and appurtenances thereto shall not be used for any other use than those for which they were constructed. No sweepings, rubbish, rags or

other foreign substances shall be thrown or placed therein. No person shall waste water by interfering or tampering with the faucets. Any damage in washrooms or restrooms or appurtenances shall be paid for by the Lessee who, or whose agents, guests, or employees, shall cause such damage.

4. DAMAGE

Walls, floors and ceilings shall not be defaced in any way and no one shall be permitted to mark, nail, screw or drill into surfaces, paint or in any way mar the Project surfaces. Pictures, certificates, licenses and similar items normally used in Lessee's Premises may be carefully attached to the walls by Lessee in a manner to be prescribed by the Lessor. Upon removal of such items by Lessee, any damage to the walls or other surfaces shall be repaired by Lessee.

5. FURNITURE, SAFES/MOVING

Furniture, freight, equipment, safes or other bulky articles shall be moved into or out of the Project only in the manner and at such times as Lessor may direct. Lessee shall not overload the floor of the Premises or in any way deface the Premises or any part thereof. Lessor shall in all cases have the right to determine or limit the weight, size and position of all safes and other heavy equipment. Lessor will not be responsible for loss or damage to any safe or other property of Lessee from any cause. All damage done to the Premises or Project by moving or maintaining any such safe or other property shall be repaired at the expense of Lessee.

6. JANITORIAL SERVICE

Should Lessor provide janitorial services under this Lease, such janitorial services shall include ordinary dusting, cleaning and normal vacuuming by the janitor assigned to such work and shall not include cleaning of carpets, rugs, or moving of furniture or other special services. Lessee shall not cause any unnecessary labor by reason of Lessee's carelessness or indifference in the preservation of good order and cleanliness. Lessor shall not be responsible to Lessee for any loss of property from the premises, however occurring or for any damage done to the effects of Lessee by the janitor or any other employee.

Any persons employed by any lessee to do janitorial work shall, while in the Project but outside of the Premises, be subject to and under the control and direction of the manager of the Project (but not as an agent or servant of said manager of the Project), and Lessee shall be responsible for all acts of such persons.

7. NUISANCES

Lessee shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Lessor or other lessees of the Project by reason of noise, odors and/or vibrations, or interfere in any way with other lessees or those having business therein nor shall any animals or birds be brought in or kept in or about the Premises or the Project. Lessee shall maintain the leased Premises free from mice, bugs, and ants attracted by food, water or storage materials.

8. USE OF PREMISES

The leased Premises shall not be used for lodging, sleeping or cooking or for any immoral or illegal purpose or for any purpose that will damage the Premises or the reputation thereof or for any purpose other than that specified in the Lease covering the Premises.

9. DANGEROUS ARTICLES

Lessee shall not use or keep in the Premises or common areas any kerosene, gasoline or inflammable or combustible fluid or material, or any article deemed extra hazardous on account of fire or other dangerous properties or use any other method of heating or air conditioning other than supplied by Lessor.

10. WIRING

No electric wires, or any other electrical apparatus, or additional electrical outlets, shall be installed except with written request to and written approval from Lessor. Any installation of such wiring shall be removed by Lessor at Lessee's expense. Lessor reserves the right to enter upon the leased Premises for the purpose of installing additional electrical wiring and other utilities for the benefit of the Lessee or other lessees.

11. SECURITY PRECAUTIONS

All doors of the premises shall be kept closed during normal business hours and securely locked after business hours except for normal ingress and egress. Lessee must observe strict care and caution that all water faucets or any other apparatus is shut off when not in normal use and before Lessee's employees leave the Premises, and that all electricity, gas, etc. shall likewise be carefully shut off so as to prevent waste or damage.

12. IMPROPER CONDUCT

Lessor reserves the right to exclude or expel from the Project any person who in the judgement of the Lessor, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of said Project.

13. LESSEE REQUESTS/NOTICES

Employees of Lessor shall not perform any work for Lessee unless under special instruction from Lessor. Lessee shall give Lessor prompt notice of any defects in the water, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment. No employee of Lessor will admit any person other than Lessee to the leased Premises without specific written notification by Lessee to Lessor.

14. SOLICITATIONS

Lessee shall not disturb, solicit or canvass any occupant of the Project and shall cooperate to prevent same.

15. ADVERTISING

Lessee shall not use the name of the Project in connection with or in promoting or advertising the business of Lessee except as a part of Lessee's address. Lessor shall have the right to prohibit the use of the name of the Project or other publicity by Lessee which in Lessor's opinion tends to impair the reputation of the Project or its desirability to other lessees. Lessee will refrain from or discontinue such publicity upon notification by Lessor.

16. PARKING

The parking areas within the Project shall be used solely for the parking of passenger vehicles during normal office hours. The parking of trucks, trailers, recreational vehicles and campers is specifically prohibited. Lessee agrees that vehicles of Lessee or its employees or agents shall not park in driveways nor occupy parking spaces or other areas reserved for any use such as Visitors, Delivery, Loading, or other lessees. No vehicle of any type shall be stored in the parking areas at any time. In the event that a vehicle is disabled it shall be removed within 48 hours, or if abandoned, Lessor reserves the right to remove same at Lessee's expense. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformation with all signs and other markings. In the event that common area parking facilities become overburdened, Lessor reserves the right to take whatever steps are necessary to relieve such

overburdening. Under no circumstances shall automobiles, trucks or any similar vehicles be parked within the Premises.

17. AUCTION

No auction, public or private, will be permitted.

18. KEYS

Lessee must upon the termination of Lessee's tenancy return to Lessor all keys either furnished to or otherwise procured by Lessee. In the event of the loss of any keys so furnished, Lessee shall pay to Lessor the cost thereof.

19. EXTERIOR

Lessee shall not place any improvement or moveable objects including antennas, outside furniture, etc. in the parking areas, landscaped area or other areas outside of the leased Premises, or on the roof of any building of the Project.

Lessee shall not deposit pallets, crates or other debris outside truck doors or along the outside walls of any building or in the driveway areas. Lessor may at Lessor's discretion dispose of any such debris as Lessor deems necessary.

All trash is to be deposited in the trash receptacles. Should Lessee deposit trash in any area other than those designated, Lessee will be charged for its removal.

DATED 2nd December, 1977

MR AND MRS. A. B. ROBERTSON

to

ROBERTSON ENGINEERING
(THAME) LIMITED

L E A S E

of

Plot 5B Thame Industrial Estate,
Thame, Oxon.

Lightfoot and Lowndes
Thame, Oxon.

This LEASE is made the Second day of December One thousand nine hundred and seventy seven BETWEEN ALAN BRECK ROBERTSON and MAVIS ROBERTSON both of 169 Aston Clinton Road Aylesbury in the County of Buckingham (hereinafter called the "Lessors") of the first part and ROBERTSON ENGINEERING (THAME) LIMITED whose Registered Office is situate at Lupton Road Thame in the County of Oxford (hereinafter called "the Lessee") of the second part and MALCOLM JAMES MCLEAN of 10 Rectory Meadow Chinnor in the County of Oxford (hereinafter called "the Surety") of the third part W I T N E S S E T H as follows:

1. IN consideration of the rent hereby reserved and of the covenants on the part of the Lessee hereinafter contained the Lessors hereby demise unto the Lessee ALL THAT the factory Together With the Ladies' and Gentlemens' toilets and office therein being Plot 5B on the Thame Industrial Estate Thame in the County of Oxford ALL WHICH said premises are for the purpose of identification only shown on the plan annexed hereto and thereon edged red including (but without derogating from the generality of the foregoing and the demise hereby made) all Landlords' fixtures and fittings therein or thereon including all light and single phase power wiring and heating installations now installed (which said premises and fixtures and fittings are hereinafter called "the demised premises") Together With a right of way in common with the Lessors and all other persons entitled thereto on foot and with or without vehicles at all times and for all purposes connected with the use of the demised premises over and along the strip of land seven feet six inches in width shown coloured green on the said plan TO HOLD the demised premises unto the Lessee from the Second day of December One thousand nine hundred and seventy seven for a term of twenty

years (hereinafter called "the said term") yielding and paying therefor unto the Lessors throughout the said term the yearly rent of Six thousand one hundred and sixty pounds or such greater amount as shall be determined in accordance with the provisions of Clause 5 hereof and so in proportion for any less part of a year such rent to be paid without any deduction by equal quarterly payments in advance on the usual four quarter days in every year the first of such payments being apportioned from the 2nd day of December One thousand nine hundred and seventy seven to the Twenty-fifth day of December One thousand nine hundred and seventy seven to be made on the signing hereof.

2. THE Lessee hereby covenants with the Lessors in manner following that is to say:

(1) The Lessee will pay the yearly rent hereinbefore reserved and made payable at the times and in the manner at and in which the same is hereby reserved and made payable without any deduction

(2) The Lessee will not do or suffer to be done anything on the demised premises which may render any increased or extra premium payable for the insurance of the demised premises or the said building or any neighbouring property of the Lessors against fire or which may make void or voidable any policy of such insurance and will reimburse the Lessors forthwith on demand any increased or extra premium which may be payable in respect of the demised premises or the said building or any such neighbouring property by reason of any such thing and forthwith on demand from the Lessors or their insurers cease from doing or suffering to be done that thing which has caused an increased or extra premium to become payable

(3) The Lessee will from time to time and at all times during the said term pay and discharge all rates taxes duties charges assessments impositions outgoings and obligations whatsoever whether parliamentary parochial municipal local or of any other description which are now or may at any time hereafter be assessed charged or imposed upon the demised premises or any part thereof whether alone or together with any other part of the said building or upon the owner or occupier in respect thereof and where any of these are for any reason paid by the Lessors the Lessee will on demand and from time to time repay to the Lessors the amount so paid

(4) The Lessee will pay upon demand the cost of insuring the premises in accordance with Clause 3 hereof

(5) The Lessee will in the fifth year and in every subsequent fifth year of the said term and also in the last year thereof however the same may be determined burn off and paint in a proper and workmanlike manner all outside parts of the demised premises and all additions thereto and all outbuildings and fences thereof of any nature whatsoever usually painted with three coats of best oil and white lead paint or such other type of paint as the Lessors shall previously approve and with every such outside painting will polish all outside parts of the woodwork previously polished and treat with wood preservative all outside parts previously or which ought to be so treated and restore point and make good the brickwork outside cement stucco and stonework where necessary and paint distemper and restore to its former condition and appearance all such parts as were previously so treated

(6) The Lessee will in the fifth year and in every subsequent fifth year of the said term and also in the last year thereof however the same may be determined

burn off where necessary and paint in a proper and workmanlike manner all the inside wood ironwork and other parts of the demised premises previously and usually painted and all additions thereto with three coats of best oil and white lead paint or such other type of paint as the Lessors shall previously approve and at the same time with every such inside painting will grain varnish paper distemper whitewash polish and colour such other parts of the inside of the demised premises as are usually or have been previously so treated

(7) The Lessee will at the Lessee's own cost put and from time to time and at all times during the said term keep in good and substantial repair and condition and cleanse maintain and amend the whole of the demised premises including but without prejudice to the generality of the foregoing the fixtures and fittings therein and the windows window frames thereof and the walls floors ceilings vaults foundations sewers drains forecourts pavement lights skylights roofs fences passageways and roads and other appurtenances with all necessary reparations cleansing and amendments whatsoever and the demised premises so painted repaired cleansed maintained amended and kept as aforesaid the Lessee will at the expiration or sooner determination of the said term quietly yield up unto the Lessors together with all additions and improvements made thereto in the meantime and all fixtures (except tenant's and trade fixtures) now in or upon the demised premises or which during the said term may be affixed or fastened to or upon the same (excepting such damage by fire or in peacetime by aircraft or articles dropped therefrom) the reinstatement whereof is covered by the insurance referred to in Clause 3(1) hereof

(8) The Lessee will at all times during the said term pay the cost of maintaining the roadway over the land shown coloured green and yellow on the plan annexed

hereto and shall indemnify the Lessors in respect of any costs or charges arising in respect thereof

(9) The Lessee will permit the Lessors and all persons authorised by them respectively at all times during the said term during reasonable hours in the daytime (upon previous notice in writing) to enter the demised premises to take inventories of the fixtures and things to be yielded up at the expiration of the term hereby granted and to view the state of repair and condition of the demised premises and of all defects and wants of reparation then and there found and for which the Lessee may be liable under these presents to give or leave on the demised premises notice in writing to the Lessee and the Lessee will within the period of two calendar months after such notice or sooner if requisite repair and make good the same according to such notice and the covenants in that behalf herein contained and in case the Lessee shall make default in so doing it shall be lawful for the workmen and others employed by the Lessors to enter on the demised premises and repair decorate and restore the same and all expenses incurred thereby shall be paid by the Lessee to the Lessors forthwith on demand by the Lessors

(10) The Lessee will reimburse the Lessors on demand all fees charges costs and expenses incurred or suffered by the Lessors arising out of or in connection with or incidental to

(a) Any application or request or proposed application or request by the Lessee in connection with the demised premises or any of the provisions of this Lease and whether or not the same shall be proceeded with by the Lessee or shall be granted or refused or granted subject to conditions

(b) Any breach of any of the covenants on the part of the Lessee hereunder and any steps taken in contemplation of or in connection with the preparation and service of a notice under Section 146 or 147 of the Law of Property Act 1925 (as amended) requiring the Lessee to remedy a breach of any of the covenants herein contained notwithstanding forfeiture for such breach shall be avoided otherwise than by relief granted by the Court or

(c) Any steps taken in contemplation of and in connection with the preparation and service of a schedule of dilapidations during or after the expiry or sooner determination of the said term

(11) (a) The Lessee will:

(i) not do or suffer or permit to be done or suffered any act matter or thing on the demised premises or on those parts of the said building and any yards and ways in respect of which the Lessee or others have right or use as aforesaid (hereinafter called "the common parts") which shall or may be illegal immoral noisy noisome noxious dangerous or offensive or a nuisance damage annoyance or inconvenience to the neighbourhood or to any public local or other authorities or to the Lessors or to any tenants or owners or occupiers of the said building or any part thereof or any neighbouring premises or which shall be in any way injurious to the same

(ii) not commit any wilful or voluntary waste spoil or destruction in or upon the demised premises

(iii) not allow any sale by auction to be held on the demised premises

(iv) not overload any of the floors
or walls of the demised premises

(v) provide all necessary dustbins
and keep the same in clean sanitary and good condition with the lids firmly on

(b) If the Lessors shall abate any nuisance
which the Lessee is responsible to abate the Lessee will pay all costs charges
and expenses incurred in abating such nuisance and executing all such works as
may be necessary for abating such nuisance whether or not required in obedience
to a notice served by any local or other authority or by any other person
entitled to abate a nuisance

(12) (a) The Lessee will at the Lessee's own expense
do and execute all such works and things and comply with all such requirements
as under or by virtue of any existing or future Act of Parliament statutory
instrument bye-law regulation order direction or permission already passed made
or granted or hereafter to be passed made or granted (and any conditions
attaching thereto) and for the time being in force are or may be directed to be
done to the demised premises whether by the owner or occupier thereof and
whether directed by any government local sanitary gas electricity or water
supply authority or otherwise howsoever including requirements to be complied
with in respect of the user from time to time being made of the demised premises
or for the benefit of the persons employed in or about the demised premises or
in respect of any alteration or addition to the demised premises and will at all
times indemnify and keep indemnified the Lessors against any breach
non-performance or non-observance thereof and repay to the Lessors on demand any
costs charges or expenses which may be incurred by the Lessors in respect of any
such works or

requirements Provided Always that if any acts things or works are required to be done or carried out in order to comply with this covenant the previous written approval of the Lessors to such work shall be obtained by the Lessee

(b) The Lessee will produce to the Lessors or the Lessors' Surveyor upon demand all such evidence as the Lessors may require in order to be satisfied that the provisions of this subclause (12) have been complied with

(13) The Lessee will not without the previous approval of the Lessors in writing place or suffer to be placed on the exterior of the demised premises any sign placard poster advertisement plate notice flag banner or wireless or television mast or aerial or other thing and the Lessee will if it is a condition (inter alia) of such approval on the part of the Lessors as aforesaid comply with any directions given by the Lessors for insurance in connection therewith or reimburse the Lessors upon demand being made any additional premium payable by the Lessors therefor and the Lessee will not hand place or deposit or permit to be hung placed or deposited any goods articles or things for display sale or otherwise outside the demised premises or on any forecourt adjoining the demised premises or the said building without the written approval of the Lessors

(14) The Lessee will use the demised premises only as a factory workshop or warehouse and for no other purposes whatsoever

(15) (a) The Lessee will not without the previous consent in writing of the Lessor at any time during the said term put up erect make or maintain or suffer to be put up erected made or maintained on the demised premises or any part thereof any new building structure or erection or in any way annex the demised premises or any part

thereof to any premises adjoining or make or permit or suffer to be made any change alteration addition or excavation whatsoever in or to the demised premises or the buildings at the time erected thereon or on any part thereof or in the design elevation or appearance of the demised premises

(b) In the event of any breach of this subclause (15)(a) then in addition to any other rights and powers available the Lessors shall be at liberty to remove restore or fill up as the case may be all such unauthorised buildings erections improvements changes alterations additions or excavations as may then and there be found and the cost of carrying out such work including any Solicitors' and Surveyors' fees incurred shall be repaid to the Lessors by the Lessee forthwith on demand

(16) The Lessee will not assign transfer charge underlet or part with the possession or occupation of the whole or any part or parts of the premises without the consent of the Lessors such consent not to be unreasonably withheld any assignee entering into a direct covenant with the Lessors to observe and perform the provisions of this Lease

(17) The Lessee will permit the Lessor and his agents at any time in the case of a proposed sale of the demised premises or of the said building subject to and with the benefit of this Lease or in the case of a proposed letting at any time within six calendar months before the end of the said term or during any holding over to enter the demised premises and to affix upon any suitable part thereof but so as not to obscure the windows of the demised premises a notice board for selling or letting the same (with or without any other premises) as the case may be and the Lessee will not remove or obscure the same and will at all times throughout the said term permit all prospective purchasers or

tenants by order in writing of the Lessors or their Agents to view the demised premises at reasonable hours in the daytime without interruption

(18) The Lessee acknowledges that no warranty is given or implied by the granting of these presents by the Lessors or otherwise that the use to which the Lessee proposes now or hereafter to put the demised premises nor any alterations or additions which the Lessee may now or hereafter desire to carry out will not require planning permission under planning law and the Lessee hereby further covenants to indemnify and keep indemnified the Lessor against any costs claims actions proceedings compensation demands or charges which may arise directly or indirectly under planning law in respect of the demised premises

(19) If the Lessee shall make default in effecting payment to the Lessors forthwith on demand of any moneys becoming payable by the Lessee to the Lessors pursuant to any of the Lessee's covenants hereinbefore contained (other than pursuant to subclause (1) of this Clause) the amount owing may be recovered by the Lessors as liquidated damages together with interest thereon at a rate which shall be the equivalent of one pound per centum above the Bank of England's minimum lending rate for the time being in force (as well after as before any judgement) calculated from the date of demand until actual payment thereof by the Lessee

(20) The Lessee will not allow any encroachment to be made or easement acquired under on or over the demised premises and in particular will not allow the right of access of light from or over the demised premises to any neighbouring property to be acquired (unless the Lessors shall have expressly consented thereto in writing) and if (in the

absence of such consent) any encroachment or easement shall be made or threatened to be made or if any window or opening shall be opened made or threatened to be opened or made in any neighbouring property which if not obstructed might by lapse of time confer the right to such access of light on the owner of any neighbouring property will forthwith give notice thereof to the Lessors and permit the Lessors and their servants to enter upon the demised premises to inspect the same and will if so requested by the Lessors at their cost do all such things as may be proper for the purpose of preventing the making of such encroachment or the acquisition of such easement or right including where necessary the making and maintaining of a hoarding for the purpose of preventing the access of light to such window or opening and further if the Lessee shall omit or neglect to do all such things as aforesaid at the earliest possible time it shall be lawful for the Lessors their servants and workmen to enter upon the demised premises and to do the same

(21) The Lessee will immediately upon receipt of

(a) a proposal for alteration of the Valuation List under the Local Government Act 1948 (or any amendment or re-enactment thereof for the time being in force) in respect of the demised premises

(b) any notice or communication from any local authority or other body or authority indicating the intention compulsorily to acquire any interest in the demised premises or any part thereof or the said building or

(c) any notice or proposal beneficially or detrimentally affecting the demised premises send a copy of such proposal notice or communication to the

Lessors and will if so requested by the Lessors joint with the Lessors in opposing any such alteration of valuation or compulsory acquisition or detrimental proposal

(22) The Lessee will in all respects comply with all the provisions of the Factory Town and Country Planning and Public Health Acts the Clean Air Act 1956 and the Rivers (Prevention of Pollution) Act 1951

(23) The Lessee will take such measures as may be necessary to ensure that any effluent discharged into the drains and sewers which belong to or are used by the demised premises in common with other premises will not be corrosive or in any way harmful to the said drains or sewers or cause any obstruction or deposit therein and will not discharge or allow to be discharged any solid matter from the demised premises into the drains or sewers as aforesaid

(24) The Lessee will not without the consent in writing of the Lessors suspend any weight from the roof or roof trusses or use the roof trusses of any building part of the demised premises for the storage of goods or place or permit or suffer to be placed any weight thereon or permit any person or persons to enter thereon save with a view to the execution of necessary repairs and then only in such manner as to subject the roof and roof trusses to the least possible strain

(25) The Lessee will not at any time during the said term cause any obstruction in such parts of the estate as are used by the Lessee in common with the Lessors or any other person similarly entitled and in particular but without prejudice to the generality of the foregoing provision in relation to the right of access as aforesaid provided that any

obstruction caused for the purposes of loading or unloading shall not be deemed to be a breach of this sub-clause

(26) The Lessee will not cause any detriment to the amenity of any dwelling in the locality by reason of noise vibration smell fumes smoke soot as dust or grit and will as long as the road coloured brown on the said plan remains a private road not allow vehicles belonging to them or used by any person in their employ to be parked or left unoccupied on any part of the road coloured brown

3. THE Lessors hereby covenant with the Lessee that the Lessors will at all times during the said term (unless such insurance shall be vitiated by any act neglect default or omission of the Lessee) insure the demised premises and keep insured the windows and glass lights of the demised premises against the usual risks of destruction and damage in the full value thereof and the demised premises against loss damage by fire and in peacetime by aircraft and articles dropped therefrom in the full reinstatement cost with some insurance office or offices of reputed or at Lloyd's and the Lessors will punctually pay all premiums for effecting and maintaining such insurance and will produce such policies and the last premium receipts for inspection by the Lessee whenever reasonably required and the Lessors will apply all money received under the respective policies in reinstatement of such plate glass or lights and in the case of destruction or damage by fire or in peacetime by aircraft or articles dropped therefrom to the demised premises the Lessors will as soon as practicable cause all money received in respect of such insurance (other than in respect of rent and fees) to be forthwith laid out in reinstating the demised premises

4. PROVIDED Always and it is hereby agreed and declared as follows:

(1) That the provisions of Section 196 of the Law of Property Act 1925 as amended by the Recorded Delivery Service Act 1962 shall apply to any notice under this Lease

(2) That the Lessee paying the rent hereby reserved and performing the several covenants conditions and agreements herein contained and on the part of the Lessee to be performed and observed shall and may peaceably and quietly hold and enjoy the demised premises during the said term without any lawful interruption or disturbance from or by the Lessors or any person or persons lawfully claiming under or in trust for the Lessors

(3) That if and whenever the rent hereby reserved or any part thereof shall be in arrear for twenty one days after the same shall have become due (whether any legal demand therefor shall have been made or not) or if and whenever the Lessee shall fail or neglect to perform or observe any of the covenants conditions or agreements herein contained and on the part of the Lessee to be performed or observed or if the Lessee or any one or more of them (being individuals) shall become bankrupt or if the Lessee or any one or more of them for the time being shall enter into an arrangement or composition for the benefit of the Lessee's creditors or shall suffer any distress or execution to be levied on the Lessee's goods or (being a Limited Company) shall go into liquidation whether compulsory or voluntary (save for the purpose of reconstruction or amalgamation of a solvent company) or have a Receiver appointed or its undertaking then and in any of the said cases it shall be lawful for the Lessors at any time thereafter and notwithstanding the waiver of any previous right of re-entry to re-enter into and upon the demised premises or any part thereof in the name of the whole and thereupon the said term shall absolutely cease and determine but

without prejudice to any rights or remedies which may then have accrued to either party against the other in respect of any antecedent breach of any of the covenants herein contained

(4) That in case the demised premises or any part thereof shall at any time be destroyed or so damaged by fire or in peacetime by aircraft or articles dropped therefrom or by any other insured risk as to be unfit for occupation or use then and in any such case (unless the insurance of the demised premises shall have been vitiated by the act neglect default or omission of the Lessee or either of them or unless the destruction or damage shall be outside the cover given by the insurance which by Clause 3(1) hereof the Lessors covenant to maintain) the rent hereby reserved or a fair and just proportion thereof according to the nature and extent of the damage sustained (the amount of such proportion to be determined by the Surveyor of the Lessors whose decision shall be final and binding) shall be suspended and cease to be payable until the demised premises shall have been reinstated

5. (1) THE Lessors may from time to time give notice in writing to the Lessee in accordance with the provisions of this Clause requiring the rent payable hereunder to be reviewed

(2) Such a notice may be given at any time not more than twelve nor less than six months before the commencement of each or any of the following years of the said term that is to say the fourth eighth twelfth and sixteenth years thereof but not at any other time and from and after the giving of any such notice the following provisions of this Clause shall take effect for the purpose of reviewing the rent payable hereunder in accordance with such notice and in such provisions the expression "the material date" shall be construed as meaning the end of the year of the said term during which such notice is given

(3) If the Lessors and the Lessee shall reach agreement as to the amount of the increased rent such agreement shall be reduced to writing and a memorandum thereof endorsed on these presents

(4) If such agreement is not reached within eight weeks of the service of such notice the Lessors may make written application to the President for the time being of the Royal Institution of Chartered Surveyors to appoint a valuer to certify in writing (as an expert and not as an arbitrator) what in his opinion is the full yearly rack rent of the premises comprised in and demised by this Lease on the basis hereinafter mentioned and the Lessors and the Lessee respectively will if required furnish such valuer with all such facilities for inspection and with all such other information and facilities as the valuer may reasonably require

(5) The full yearly rack rent is that which would be obtainable as from the material date if this Lease were not then subsisting upon a letting with vacant possession of the demised premises for the then residue of the term hereby granted and on the basis that the Lessee would be obliged to perform and observe the covenants and conditions on the part of the Lessee herein covenanted to be performed and observed by the Lessee and disregarding the value of any goodwill attaching to any part of the demised premises by reason of any trade or business carried on thereon

(6) If the full yearly rack rent so agreed or certified by the said valuer shall be greater than the rent hereinbefore reserved and payable immediately before the material date then as from the material date this Lease shall have effect as if the yearly rent so agreed or certified were the rent reserved by Clause 1 hereof but if the full yearly

rack rent so agreed or certified is the same as or less than the yearly rent hereby reserved and payable immediately before the material date the yearly rent hereby reserved shall be unchanged

(7) The certificate of the said valuer shall be final and binding on the Lessors and the Lessee respectively and each party shall bear its own costs in respect of the foregoing matters and a moiety of the fees of the said valuer

6. (1) THE expression "the Lessors" shall where the context so admits include the reversioner for the time being expectant on the determination of the term hereby granted

(2) The expression "the demised premises" shall where the context so admits include the appurtenances thereof and any other building at any time erected thereon and all additions and alterations from time to time during the term hereby granted made thereto and all landlords' fixtures and fittings from time to time therein and thereon

(3) The expression "the neighbouring property" shall where the context so admits include any land or buildings thereon (whether already or hereafter to be erected) which are capable of enjoying any of the easements rights or other privileges over the demised premises which are in these presents conferred thereon or reserved in respect thereof whether or not such land or buildings now or hereafter belong to the Lessors or any other person and whether the same are contiguous adjoining adjacent opposite or near to the demised premises

(4) The expression "the said term" shall where the context so admits include not only the term hereby granted but also the period of any holding over or of any extension thereof whether by statute or at common law.

7. THE surety in consideration of the demise hereinbefore contained having been made at his request hereby covenants with the Lessors that the Lessee will pay the rent hereby reserved on the days and in manner aforesaid and will perform and observe all the Lessee's covenants hereinbefore contained and that in case of default in such payment of rent or in the performance or observance of such covenants as aforesaid the surety will pay and make good to the Lessors on demand all losses damages costs and expenses thereby arising or incurred by the Lessors PROVIDED ALWAYS and it is hereby agreed that any neglect or forbearance of the Lessors in endeavouring to obtain payment of the rent hereby reserved when the same becomes payable or to enforce performance of the several stipulations herein on the Lessee's part contained and any time which may be given to the tenant by the Lessors shall not release or exonerate or in any way affect the liability of the surety under this covenant PROVIDED FURTHER that in the event of an assignment of the whole of the premises demised by this Lease the Lessors will upon production of satisfactory references accept an alternative Surety in lieu of the said Malcolm James McLean and shall if required execute an appropriate Deed acknowledging the extinguishment of any obligations on his part under the terms of this Lease.

IN WITNESS whereof the Lessors and Surety have set their hands and seals and the Lessee has caused its Common Seal to be hereunto affixed the day and year first before written.

SIGNED SEALED and DELIVERED by)
ALAN BRECK ROBERTSON in the) /s/ A.B. Robertson
presence of:) -----

/s/ Witness

Solicitor, Thame, Oxford

SIGNED SEALED and DELIVERED by)
MAVIS ROBERTSON in the presence of:) /s/ M. Robertson
) -----

/s/ Witness

Solicitor, Thame, Oxford

BY THIS MEMORANDUM dated the 28th day of January 1986 it is desired to record that it has been agreed that the rent payable under a Lease dated 2nd December 1977 and made between Alan Breck Robertson and Mavis Robertson (1) and Robertson Engineering (Thame) Limited (2) and Malcolm James McLean (3) shall from 25th December 1985 be the yearly sum of Fifteen Thousand Five Hundred Pounds ((pound)15,500.00)

The Lease is now vested in Intest Limited

Signed /s/ A.B. Robertson

(A. B. Robertson)

Signed /s/ M. Robertson

(M. Robertson)

ADDENDUM

At a meeting held between the lessors and lessees at 54/55 Rabans Close, Aylesbury, Bucks on Friday, 24th July, 1981, it was unanimously agreed as follows:

That:

for the avoidance of any doubt, and to achieve the original intentions of both parties at the date on which the lease was signed, the notice of variation of rent under clause 5 of the lease dated 2nd day of December 1977 between Mr. A.B. Robertson Mrs. M. Robertson of the one part and Robertson Engineering (Thame) Ltd. of the other part shall be varied as follows:

Notice of proposed rent increase shall be given between the following dates:

1st January and 30th June 1981
1st January and 30th June 1985
1st January and 30th June 1989
1st January and 30th June 1993

and that any agreed revised rentals be payable on and from the following dates:

25th December 1981
25th December 1985
25th December 1989
25th December 1993

It was further agreed that this notice shall be affixed to and be deemed to form part of the aforementioned lease and that the failure of the lessor to give notice of an intended rent increase as from 25th December 1981 within the stipulated period be ignored for this rent increase period only.

Signed by:

/s/ A.B. Robertson
Alan Breck Robertson

/s/ M. Robertson
Mrs. Mavis Robertson

in the presence of:

Name: /s/ D.W.
Address: National Westminster Bank Limited

Occupation: Bank Official

Signed for:

Robertson Engineering (Thame) Ltd.

/s/ M.J. McLean
M.J. McLean,
Chairman

/s/ A.S. Chidgey
A.S. Chidgey,
Secretary

24th July 1981

DATED

28th January

1986

CITYCROWN ENGINEERING LIMITED

- and -

INTEST LIMITED

ASSIGNMENT

- of -

5B Lupton Road,
Thame,
Oxfordshire.

A.H. DUNCOMBE & COMPANY
Thame

DATE:

28th January

1986

1. In this Assignment
 - 1.1 the Assignor is CITYCROWN ENGINEERING LIMITED whose registered office is at 16 Kempson Close Aylesbury Buckinghamshire;
 - 1.2 the Assignee is INTEST LIMITED whose registered office is at 180 Fleet Street, London ENA 2NT;
 - 1.3 the Lease is a lease dated 2nd December, 1977 between Alan Breck Robertson and Mavis Robertson, the Assignor and Malcolm James McLean;
 - 1.4 the Property is 5B Lupton Road, Thame, Oxfordshire more fully described in and demised by the Lease.
2. The Assignor as beneficial owner assigns the Property to the Assignee for the residue of the term of the Lease subject to the rent reserved by and the covenants and conditions contained in the Lease.
3. The covenants implied in this deed by virtue of the Assignor assigning as beneficial owner shall not extend to the breach of any covenant of the Lease in respect of the actual state and condition of the Property at today's date.
4. The Assignee covenants with the Assignor by way of indemnity only to pay the rent reserved by and to perform and observe the tenant's covenants contained in the Lease and to indemnify the Assignor against any liability resulting from the non-payment of the rent or the breach or non-observance of the tenant's covenants.

5. It is hereby certified that the transaction hereby effected does not form part of a larger transaction or of a series of transactions for which the consideration or aggregate consideration exceeds (pound)30,000.00.

THE COMMON SEAL OF CITYCROWN)
ENGINEERING LIMITED) [Seal]
attested by)

Director /s/ Director

Secretary /s/ Secretary

THE COMMON SEAL OF INTEST)
LIMITED attested by) [Seal]

Director /s/ Hugh T. Regan

Secretary /s/ Patricia L. Hazleton

TENANCY AGREEMENT

AN AGREEMENT made on the 18th day of April, 1996

between

ALAMBON TOOLS PRIVATE LIMITED,

(hereinafter called "the Landlord" which expression shall where the context so admits include his successors in title).

A private company incorporated with limited liability in the Republic of Singapore and having its registered office at 89 Short Street #08-01 Golden Wall Centre Singapore 188216.

and

InTEST PTE LTD,

(hereinafter called "the Tenant" which expression shall where the context so admits include its successors in title and permitted assigns).

A private company incorporated with limited liability in the Republic of Singapore and having its registered office at 1 North Bridge Road #20-01 High Street Centre Singapore 179094.

WHEREBY IT IS AGREED as follows:

Demise:

1. The Landlord agrees to let and the Tenant agrees to take all that the premises known as Block 203B Henderson Industrial Park #03-05 Singapore 159548 (hereinafter called "the said premises") together with the Landlord's fittings and set forth in the Inventory annexed hereto TO HOLD the same unto the Tenant for the term of FORTY EIGHT (48) months commencing from the 8th day of April, 1996 and expiring on the 7th day of April, 2000 inclusive of both these dates (hereinafter called "the said term") together with the right for the Tenant and others duly authorized by the Tenant to use in common with the Landlord and all others so authorized by the Landlord and all other persons entitled thereto the entrance halls, staircase landings, lobbies, passages, lifts, car parks, service road and the recreational and other facilities in the complex in which the said premises are comprised (hereinafter referred to as "the Complex"). YIELDING AND PAYING THEREFORE the monthly rent of Singapore Dollars SIX THOUSAND FOUR HUNDRED SIXTY ONE AND CENTS SEVENTY only (S\$6,461.70) of which S\$5991.70 is for the premises and S\$470.00 is for the maintenance charges. The agreed rental of S\$6,461.70 is to be paid monthly in advance on or before the 8th day of each month.

Deposit:

2. On or before the signing of this agreement, the Tenant shall advance a deposit with the Landlord the sum of Singapore Dollars NINETEEN THOUSAND THREE HUNDRED AND EIGHTY FIVE AND CENTS TEN ONLY (S\$19,385.10) being the equivalent to THREE (3) month's rent by way of a deposit or security for the due

performance and observance by the Tenant of all and singular the several covenants conditions and stipulations on the part of the Tenant herein contained which deposit shall be refunded free of interest to the Tenant upon expiry or earlier termination of the tenancy.

3. The Tenant HEREBY COVENANTS with the Landlord as follows:

(a) Rental. To pay the said monthly rent at the time and in the manner aforesaid without any deduction whatsoever.

(b) PUB Charges. To pay the charges and taxes for the supply of water, electricity, gas and/or any other appliances hired from the Public Utilities Board and any water borne sewerage system and other charges payable to the Public Utilities Board and or other competent authority in respect of the said premises.

(c) TAS Charges. To pay all charges and taxes in respect of the telephone installed on the said premises.

(d) Tenantable Repairs. At all times to keep the interior of the said premises and the effects thereof in good and tenantable repair and condition (fair wear and tear and damage by the fire tempest, earthquake, flood, explosion and any Act of God or cause not attributed to the neglect or default of the Tenant excepted) at any time during or at the expiration or sooner termination of the said term.

(e) Rules and Regulations. To comply with all the rules and regulations and any other condition imposed by the Management Corporation for the use of the common facilities and to pay the Landlord for any costs that may be incurred as a result of the breach of the said rules, regulations and conditions by the Tenant.

(f) Access to Premises. To permit the Landlord and his duly authorized agents, workmen and others appointed by him upon reasonable notice and at all reasonable times of the day during the said term free access to the said premises to execute any work of renewal, cleaning, alteration or repair to the said premises.

(g) Nuisance. Not to do or suffer to be done on the said premises or any part thereof any act matter or things whatsoever which maybe or become a nuisance or may cause disturbance to the owners, tenants or occupiers of any adjacent or neighboring premises.

(h) Illegal Purpose. Not to use or permit or suffer the said premises or any part thereof to be used for any illegal or immoral purpose and to use only as a factory cum office.

(i) Renovations. No permit to be made for any partition or alteration to the said premises or to the Landlord's fixtures, fittings and decorations therein without prior written consent from the Landlord whose consent shall not be unreasonably withheld.

(j) Subletting. Not to assign, sublet or otherwise part with possession of the said premises without prior written consent of the Landlord whose consent shall not be unreasonably withheld. Provided always that the Tenant shall not be in breach of this covenant if the said premises shall be occupied by any employee or member of its staff and any person duly authorized by the tenant.

(k) Viewing. During the four (4) weeks immediately receding the expiry or earlier termination of the said term in accordance with the provisions herein

contained to permit persons with written authority from the Landlord or the Landlord's agent upon reasonable notice and at reasonable times to view the said premises for the purpose of sale or taking a tenancy thereof.

(l) Yield Up Premises. To deliver up vacant possession of the premises together with the effects thereto at the expiration or sooner termination of the said term in good and tenantable repair and condition (fair, wear and tear and damage by fire tempest, flood, explosion, strike, riot, civil commotion and any Act of God or cause not attributable to the neglect or default of the Tenant excepted).

(m) Stamp Duty and Costs. To pay the stamp duty on this Agreement and the duplicate.

(n) Termination. Notwithstanding the provisions of Clause 1 of this Agreement, the Tenant may terminate this Agreement on giving the Landlord not less than TWO (2) months notice in writing.

4. The Landlord HEREBY COVENANTS with the Tenant as follows:

(a) Taxes, etc. To pay all rates assessments and outgoing in respect of the said premises and any increases thereof.

(b) Premises. To deliver the said premises and the effects in good order and condition at the commencement of the Agreement. Building features specifications as follows:

Area:	3077 sq. ft.
Floor (loading max.):	250 to 450 lbs/sq. ft.
Cargo Lifts (loading):	5 tons each (6 lifts)

The Landlord hereby warrants and undertakes that the said premises have been duly approved by the Relevant Authorities for use as a factory cum office.

(c) Insurance. To insure and keep insured the said premises against loss or damage by fire, storm, tempest, strike, riot, civil commotion, Act of God and such other risks as the Landlord shall deem desirable or expedient and in case of destruction of or damage to the said premises or part thereof from any cause by such insurance as to make the same unfit for habitation and use to lay out all monies received in respect of such insurance in rebuilding and reinstating the same as soon as is reasonably practicable.

(d) Quiet Enjoyment. That the Tenant paying the rent hereby reserved and observing and performing the several covenants conditions and stipulations on the part of the tenant herein contained shall peaceably hold and enjoy the said premises throughout the said term without interruption from Landlord or any person rightfully claiming under or in trust for the Landlord.

(e) Good Conditions. To keep in good structural repair and condition the ceiling, walls, floors, wirings, pipes, wires, sanitary and water apparatus in or about the said premises. With regard to the common entrance, hall, lifts, staircase and passages leading to the said premises the Landlord shall upon any request by the Tenant make representations to the Management Corporation of the complex in which the said premises are situated or such other competent authority for the time being appointed in respect of any matter or complaint which the Tenant may have.

(f) Repairs. Subject to Clause 3 (f) to execute and pay for all repairs or maintenance of the said premises and effects and so far as such work may be done

by the Tenant the costs thereof recoverable as a debt due from the Landlord to the Tenant and be forthwith payable by the Landlord to the Tenant on demand.

5. PROVIDED ALWAYS and it is hereby agreed and declared as follows:

(a) Fire. In case the said premises or any part thereof shall at any time during the said term be so damaged or destroyed by fire, earthquake, lighting, storm, tempest, strike, riot, civil commotion or any Act of God or cause not attributable to the neglect or default to the Tenant to be unfit for habitation and then the rent hereby reserved shall be suspended until the said premises shall again be rendered fit for habitation and use. Any dispute with reference to this provision referred to arbitration in accordance with the Arbitration Act (Chapter 10).

(b) Notice of Termination in the Event of Fire. Notwithstanding the provisions of the preceding sub-clause either party may in the event of the said premises being destroyed or damaged as mentioned in the sub-clause be at liberty by notice in writing to determine the tenancy hereby created shall absolutely cease and determine and the deposit to determine and the deposit paid to the Landlord under clause 2 hereof and any rent paid advance shall be refunded to the Tenant forthwith without demand but without prejudice to any right of action which the parties may have against each other in respect of any antecedent breach of this Agreement by either of the parties.

(c) Option to Renew. The Landlord will on the written request of the Tenant made not less than two (2) months before the expiration of the term hereby created and if there shall at the time of such request be no existing breach or non-observance

of any of the conditions and provisions on the part of the Tenant herein before contained at the expense of the Tenant grant to the Tenant a tenancy of the said premises for further term of TWENTY FOUR (24) months from expiration of the said term at a rental to be agreed upon by both parties and containing the like conditions and provisions as are herein contained except this clause for renewal. In the event that both parties cannot agree on the new rental for the further term of twenty four (24) months, then there shall be no extension of the tenancy herein and each party shall have no claim against the other party save for antecedent rights.

(d) Right to Terminate. The Tenant shall have the right to terminate the tenancy by giving the Landlord TWO (2) months' notice in writing or TWO (2) months' rent in lieu of such notice PROVIDED after the first FORTY EIGHT (48) months of the term hereby created.

(e) Notice. Any notice required to be given or served by the Landlord or the Tenant shall be in writing and shall sufficiently be given or served if posted by registered post to the respective addresses hereinabove stated or to the last known address of the party concerned and shall be deemed to be received when it would have been delivered in the ordinary course of post.

IN WITNESS HEREOF the parties hereto have hereunto set their
Common Seal the day and year first above written.

Dated this 18th day of April, 1996.

The Common Seal of: }
ALAMBON TOOLS PRIVATE LIMITED }
is hereunto affixed }
in the presence of:

/s/ A. Subramanian /s/ S. Sivagami

The Common Seal of: }
InTEST PRIVATE LIMITED }
is hereunto affixed }
in the presence of:

/s/ Cornelis Hol

inTEST CORPORATION

AGREEMENT OF EXCHANGE

AGREEMENT made as of April 4, 1997 between Alyn R. Holt ("Stockholder") and inTEST Corporation, a Delaware, USA corporation ("Delaware inTEST").

RECITALS

Stockholder owns 16,500 shares of S\$1.00 (the "Subsidiary Stock") in the issued share capital of inTEST Pte. Ltd. (the "Subsidiary").

Approximately 79% of the shares comprising the total issued share capital of the Subsidiary is owned by inTEST Corp., a New Jersey, USA corporation ("New Jersey inTEST").

New Jersey inTEST proposes to change its domicile from the State of New Jersey, USA to the State of Delaware, USA pursuant to a merger of New Jersey inTEST with and into Delaware inTEST.

Sometime after the merger, Delaware inTEST proposes to offer to the public (the "Public Offering") shares of the common stock, par value \$.01 per share, of Delaware inTEST (the "Common Stock") pursuant to an S-1 Registration Statement and related Prospectus (the "Registration Statement").

Prior to the Public Offering, Delaware inTEST proposes to declare and pay a stock dividend on all of the issued and outstanding shares of Common Stock.

Delaware inTEST intends to structure the Public Offering so that each of its stockholders will be able to participate in the Public Offering and sell a portion of his shares of the Common Stock on a pro rata basis. However, no assurance can be given at this time by Delaware inTEST that the stockholders will be able to participate in the Public Offering.

To accomplish the reorganization, recapitalization and Public Offering proposed by Delaware inTEST, it is necessary that Delaware inTEST acquire the stock of the Subsidiary owned by Stockholder, and Stockholder desires to exchange his shares of the Subsidiary Stock under the terms and provisions of this Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises herein contained, and intending to be legally bound hereby, agree as follows:

1. Exchange of Stock

(a) Number of Shares. Immediately prior to the consummation of the Public Offering, Stockholder shall transfer and deliver to Delaware inTEST all of the shares of the Subsidiary owned by Stockholder, and in exchange therefor, Delaware inTEST shall issue and deliver to Stockholder (or his agent) 7,221 shares of the Common Stock. For the purposes of this Agreement, the phrase "consummation of the Public Offering" shall mean the completion of the sale of the Common Stock to the underwriter of the Public Offering in accordance with the Registration Statement.

(b) Adjustment to Number of Shares. If Delaware inTEST shall, after the date of this Agreement, (i) pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock into a larger number of shares, (iii) combine the outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of its Common Stock any shares of capital stock of Delaware inTEST, the number of shares of Common Stock to be delivered to Stockholder pursuant to this Agreement shall be adjusted so that Stockholder shall be entitled to receive the number of shares of Common Stock which Stockholder would have received immediately after such action mentioned above had the exchange contemplated by this Agreement had happened immediately prior to such action.

2. Closing

The closing under this Agreement (the "Closing") and the exchange of the Subsidiary Stock for the Common Stock shall take place at the time, date and place of the consummation of the Public Offering or at such other time, date or place as the parties shall mutually agree.

3. Representations and Warranties of Delaware inTEST

Delaware inTEST represents and warrants to Stockholder as follows, and all of such representations and warranties shall be true and correct at and as of the time of the Closing as though then made and shall survive the Closing:

(a) Organization. Delaware inTEST is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to carry on its business as presently conducted.

(b) Authorization. The execution and delivery of this Agreement on behalf of Delaware inTEST and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action, and this Agreement constitutes the legal, valid and binding obligation of Delaware inTEST, enforceable in accordance with its terms.

(c) Shares of the Common Stock. The shares of Common Stock deliverable to Stockholder pursuant to this Agreement, when delivered, will be duly authorized, validly issued, fully paid and non-assessable.

(d) Conflicts. Neither the execution and delivery of this Agreement nor compliance with the terms and conditions of this Agreement by Delaware inTEST will breach or conflict with any of the terms, conditions or provisions of the Certificate of Incorporation or By-Laws of Delaware inTEST or of any agreement or instrument to which Delaware inTEST is a party or by which Delaware inTEST is or may be bound, or constitute default thereunder or result in a termination of any such agreement or instrument.

4. Representations and Warranties of Stockholder

Stockholder represents and warrants to Delaware inTEST as follows, and all of such representations and warranties shall be true and correct at and as of the time of the Closing as though then made and shall survive the Closing:

(a) Ownership and Authority to Transfer Subsidiary Stock. Stockholder holds of record and is the lawful beneficial owner of the Subsidiary Stock free and clear of any pledge, lien, encumbrance, equity, voting trust, security interest or claim of any kind or character, and of any rights in third persons to purchase any of the Subsidiary Stock. Stockholder has full legal right, power and authority to sell, transfer and deliver the shares of the Subsidiary Stock to Delaware inTEST and to enter into this Agreement and perform or be subject to each of the agreements and obligations undertaken by Stockholder in this Agreement, or documents contemplated hereby, without need for any consent, approval, authorization, license or order of any court or governmental agency or body. The delivery of certificates for the shares of the Subsidiary Stock duly endorsed will transfer valid title to Delaware inTEST, free and clear of all pledges, liens, encumbrances, equities, voting trusts, security interests and claims of any kind or character.

(b) No Conflict. Neither the execution and delivery of this Agreement nor compliance with the terms and conditions of this Agreement by Stockholder will breach, terminate, violate or conflict with and will not with the giving of notice or the passage of time constitute grounds for a default, violation or termination of any of the terms, conditions or provisions of any agreement, license, franchise or instrument of any kind or any provision of law or any judicial or administrative order, award, judgment or decree to which Stockholder is a party or by which Stockholder is or may be bound. This Agreement constitutes the legal, valid and binding agreement of Stockholder, enforceable in accordance with its terms.

(c) Registration Statement. Stockholder has carefully read the most recent draft (April 1, 1997) of the Registration Statement available prior to the date of this Agreement and acknowledges that he has been given the opportunity by Delaware inTEST to ask questions and receive additional documents and information with respect to the exchange

contemplated by this Agreement, the Public Offering and Delaware inTEST. Stockholder is acquiring the shares of the Common Stock without being furnished any sales literature or prospectus other than the said draft of the Registration Statement.

(d) Investment Intent. Other than any shares of the Common Stock to be sold by or on behalf of Stockholder as part of the Public Offering, Stockholder is acquiring the shares of the Common Stock pursuant hereto solely for his own account for investment purposes and not with a view to resale or distribution, and Stockholder has no present intention of selling or distributing said shares. Stockholder is aware that there may be legal and practical limits on Stockholder's ability to sell or dispose of the Common Stock.

(e) Risk. Stockholder recognizes that an investment in the Common Stock involves certain risks, and Stockholder has taken full cognizance of and understands all of the risk factors related to the acquisition of the Common Stock, including those set forth under the caption "Risk Factors" in the Registration Statement.

(f) Registration Exemption. Stockholder understands that the Common Stock is being issued to Stockholder in reliance on specific exemptions from the registration requirements of federal and state laws and that Delaware inTEST is relying on the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth in this Agreement.

5. Securities Laws

(a) No Registration. Stockholder acknowledges that the exchange of the Subsidiary Stock for shares of the Common Stock has not been registered under the Securities Act of 1933, as amended (the "Act"), or any applicable state securities law by reason of exemptions from the registration requirements of the Act and such laws, and may not be sold, pledged, assigned or otherwise disposed of in the absence of an effective registration statement for the Common Stock under the Act or unless an exemption from such registration is available. Delaware inTEST is under no obligation to, and has no intention to, register (except in connection with the Public Offering) the Common Stock or comply with any exemption from registration so as to permit any resale and has not represented that at some future date an attempt will be made to register the Common Stock or to comply with an exemption from registration so as to permit any resale.

(b) Resale of Common Stock. Except for the Public Offering, Stockholder will not attempt to sell, transfer, assign, pledge or otherwise dispose of all or any portion of the Common Stock in the absence of either an effective registration statement or an opinion of reputable securities counsel satisfactory in form and substance to Delaware inTEST and its counsel that such proposed sale, transfer, assignment, pledge or other disposition would not be in violation of the Act.

(c) Restrictive Legend. Stockholder agrees that Delaware inTEST may place upon each certificate for the shares of Common Stock delivered to Stockholder a legend stating that said shares have not been registered under the provisions of the Act and were issued in a transaction not involving a public offering under an investment representation.

6. Conditions Precedent to Stockholder's Obligations

All of the obligations of Stockholder to consummate the transaction contemplated by this Agreement are subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Delaware inTEST contained in this Agreement shall be true and correct at and as of the time of the Closing as though made at and as of such time (except that such representations and warranties may reflect the consummation of any transactions contemplated by this Agreement); and Delaware inTEST shall have performed and complied with all of its obligations under this Agreement which are to be performed and complied with by it prior to or at the time of the Closing.

(b) Stock Certificates of inTEST. Delaware inTEST shall have delivered to Stockholder (or his agent) a certificate or certificates representing the shares of Common Stock to which Stockholder is entitled hereunder registered in the name of Stockholder.

7. Conditions Precedent to inTEST's Obligations

All of the obligations of Delaware inTEST to consummate the transaction contemplated by this Agreement are subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Representations True at Closing. All representations and warranties of Stockholder contained herein shall be true and correct at and as of the time of the Closing as though made at and as of such time (except that such representations and warranties may reflect the consummation of any transactions contemplated by this Agreement); and Stockholder shall have performed and complied with all of his obligations under this Agreement which are to be performed and complied with by him prior to or at the time of the Closing.

(b) Delivery of Shares. Stockholder shall have delivered to Delaware inTEST certificates representing all of the shares of the Subsidiary Stock accompanied by a separate instrument of transfer duly executed by Stockholder in favor of Delaware inTEST, free and clear of all liens, claims, liabilities, security interests, charges, restrictions or encumbrances of any nature whatsoever.

8. Indemnity by Delaware inTEST

Delaware inTEST hereby indemnifies Stockholder against and holds Stockholder harmless of and from any and all demands, claims, losses, expenses, damages, deficiencies and liabilities (including reasonable attorneys' fees and other costs and expenses of any suit, action or proceeding) resulting at any time after the date of this Agreement by reason of any misrepresentation, breach of warranty or non-fulfillment of any covenant or agreement on the part of Delaware inTEST contained in this Agreement.

9. Indemnity by Stockholder

Stockholder hereby indemnifies Delaware inTEST against and holds Delaware inTEST harmless of and from any and all demands, claims, losses, expenses, damages, deficiencies and liabilities (including reasonable attorneys' fees and other costs and expenses of any suit, action or proceeding) resulting at any time after the date of this Agreement by reason of any misrepresentation, breach of warranty or non-fulfillment of any covenant or agreement on the part of Stockholder contained in this Agreement.

10. Termination

The exchange of Subsidiary Stock and Common Stock contemplated by this Agreement and the obligations of the parties hereto under this Agreement are subject to the consummation of the Public Offering. If the Public Offering is not consummated, for any reason, on or before August 31, 1997, either party may terminate this Agreement, without liability, by giving the other party written notice of such termination.

11. General

(a) Further Assurances. The parties hereto shall execute and deliver any and all papers and documents and take any and all actions which may be necessary or appropriate to carry out the terms of this Agreement.

(b) Waiver of Conditions. Any party hereto may waive any condition provided in this Agreement for his or its benefit.

(c) Governing Laws. This Agreement shall be governed, construed and enforced in accordance with the substantive laws of the State of Delaware.

(d) Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements, representations or warranties which are not set forth herein. All prior negotiations, agreements and understandings are superseded hereby.

(e) Amendment. This Agreement may not be amended or revised except by a writing signed by the parties hereto.

(f) Headings. The section and paragraphs headings of this Agreement are for convenience only, form no part of this Agreement, and shall not affect its interpretation.

(g) Binding Effect. The terms and conditions of this Agreement shall be binding upon the successors, assigns, heirs, distributees, administrators, executors and legal representatives of the parties hereto.

(h) Equitable Relief. The parties hereto acknowledge that the exchange of shares contemplated by this Agreement is unique, and that any violation of this Agreement cannot be compensated for in damages alone. Therefore, in addition to all of the other remedies which may be available under applicable law, either party hereto shall have the right to equitable relief including, without limitation, the right to enforce specifically the terms of this Agreement by obtaining injunctive relief against any violation or non-performance hereof.

(i) Litigation. Any action or claim at law or equity arising under or related to this Agreement shall be brought only in the Chancery Court of the State of Delaware or in the United States District Court for the Eastern District of Pennsylvania, and the parties hereto hereby consent to personal jurisdiction and venue in said courts.

(j) Construction of Agreement. In the case any provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, such holding shall not affect the validity, legality or enforceability of the remaining provisions of this Agreement which shall be construed as if such invalid, illegal or unenforceable provision had never been included herein.

(k) Stamp Duty. The Stamp Duty on the instrument of transfer relating to the Subsidiary Stock shall be paid by Stockholder.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

inTEST CORPORATION

By: /s/ Alyn R. Holt

Chairman

Witness: Stockholder
/s/ James W. Schwartz /s/ Alyn R. Holt

inTEST CORPORATION
1997 STOCK PLAN

ARTICLE I
ESTABLISHMENT

1.1 Purpose. The inTEST Corporation 1997 Stock Plan (the "Plan") is hereby established by inTEST Corporation (the "Company"). The purpose of the Plan is to promote the overall financial objectives of the Company and its stockholders by motivating those persons selected to participate in the Plan to achieve long-term growth in the equity of the Company and by retaining the association of those individuals who are instrumental in achieving this growth. The Plan provides additional incentives to officers and other key employees, consultants and members of the Board of Directors of the Company or its Affiliates, as defined herein (respectively, "Key Employees," "Consultants" and "Directors"), to enter into or remain in the service or employ of the Company or its Affiliates and to devote themselves to the Company's success by granting such individuals an opportunity to acquire or increase their proprietary interest in the Company through receipt of (i) rights (the "Options") to acquire the Company's Common Stock, par value \$.01 per share (the "Common Stock"), and (ii) awards of shares of the Common Stock ("Stock Awards").

1.2 Two-Part Plan. The Plan shall be divided into two sub-plans: the "Key Employee Plan," which will govern benefits for Key Employees, as defined herein, and the "Non-Qualified Plan," which will govern benefits to Directors and Consultants. All provisions hereunder which refer to the "Plan" shall apply to each of the Key Employee Plan and the Non-Qualified Plan.

ARTICLE II
STOCK SUBJECT TO PLAN

2.1 Aggregate Maximum Number. The aggregate maximum number of shares of the Common Stock for which Options or Stock Awards may be granted under the Plan, including without limitation, the Key Employee Plan, is 500,000 shares (the "Plan Shares"), which number is subject to adjustment as provided in Section 7.6. Plan Shares shall be issued from authorized and unissued Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If any outstanding Option granted under the Plan expires, lapses or is terminated for any reason, the Plan Shares allocable to the unexercised portion of such Option may again be the subject of an Option or Stock Award granted pursuant to the Plan.

ARTICLE III
TERM OF PLAN

3.1 Term of Plan. The Plan shall commence on the date of approval of the Plan by the Board of Directors of the Company ("Effective Date"), but shall terminate unless the Plan is approved by the stockholders of the Company within twelve months of such date as set forth in Section 422(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code"). Any Options granted pursuant to the Plan prior to approval of the Plan by the stockholders of the Company shall be subject to such approval and, notwithstanding anything to the contrary herein

or in any Option Document (as defined below), shall not be exercisable until such approval is obtained. No Option may be granted under the Plan on or after the date which is ten years after the Effective Date.

ARTICLE IV
ELIGIBILITY

4.1 Eligibility.

(a) Key Employee Plan. Except as herein provided, the persons who shall be eligible to participate in the Key Employee Plan and be granted awards of Options or Stock Awards ("Benefits") shall be those persons who are Key Employees who shall be in a position, in the opinion of the Committee, as defined herein, to make contributions to the growth, management, protection and success of the Company and its Affiliates. Of those persons described in the preceding sentence, the Administrator, as herein defined, may, from time to time, select persons to be granted Benefits and shall determine the terms and conditions with respect thereto. In making any such selection and in determining the form of the benefit, the Administrator may give consideration to the person's functions and responsibilities, the person's contributions to the Company and its Affiliates, the value of the individual's service to the Company and its Affiliates and such other factors deemed relevant by the Administrator. The term "Affiliates" shall mean any corporation or other business organization in which the Company owns, directly or indirectly, 50 percent or more of the voting stock or capital at the time of the granting of the Option or Stock Award.

(b) Non-Qualified Plan. NQSOs, as defined herein, and Stock Awards may be granted to Directors and Consultants pursuant to the Non-Qualified Plan as herein provided.

ARTICLE V
STOCK OPTIONS

5.1 Key Employee Plan Options. Options granted under the Key Employee Plan may be either ISOs, as defined herein, or NQSOs. Each Option granted under the Key Employee Plan is intended to be an incentive stock option ("ISO") within the meaning of Section 422(b) of the Code for federal income tax purposes, except to the extent (i) any such ISO grant would exceed the limitation of subsection 5.3(a) below, (ii) any Option is specifically designated at the time of grant (the "Grant Date") as not being an ISO (an Option which is not an ISO, and therefore is a non-qualified option, is referred to herein as an "NQSO"), or (iii) any Option is granted to a person who is not an employee of the Company on the Grant Date. Under the Key Employee Plan, Options may be granted to Key Employees at such times, in such amounts, and on such terms and conditions as determined by the Administrator, in accordance with the terms of the Plan.

5.2 Non-Qualified Plan Options.

Options granted under the Non-Qualified Plan shall be NQSOs. Such Options may be granted to Directors and Consultants at such times, in such amounts, and on such terms and conditions as determined by the Administrator in accordance with the terms of the Plan ("Non-Employee Options").

5.3 Terms and Conditions of Options. Options granted pursuant to the Plan shall be evidenced by written documents ("Option Documents") in such form as the Administrator shall from time to time approve, subject to the following terms and conditions. Option Documents may also contain such other terms and conditions (including vesting schedules for the exercisability of Options) which the Administrator shall from time to time provide which are not inconsistent with the terms of the Plan. Persons to whom Options are granted are hereinafter referred to as "Optionees."

(a) Number of Option Shares. Each Option Document shall state the number of shares of Common Stock ("Option Shares") to which it pertains. If the aggregate fair market value of Option Shares with respect to which ISOs are exercisable for the first time by an Optionee during any calendar year (determined as of the date the ISO is granted) and any options granted under other incentive stock option plans of the Company exceed \$100,000, the portion of such options in excess of \$100,000 shall be treated as options which are not ISOs in accordance with Section 422(d) of the Code.

(b) Option Price. Each Option Document shall state the price at which an Option Share may be purchased (the "Option Price"), which, in the case of an ISO shall be 100% of the "Fair Market Value" of a share of the Common Stock on the Grant Date. If the Common Stock is listed on a national securities exchange or quoted on The Nasdaq Stock Market ("NASDAQ"), the Fair Market Value is the closing price of the Common Stock on the relevant date (or, if such date is not a business day or a day on which quotations are reported, then on the immediately preceding date on which quotations were reported), as reported by the principal national exchange on which such shares are traded (in the case of an exchange) or by NASDAQ, as the case may be. If the Common Stock is not listed on a national securities exchange or quoted on NASDAQ, the Fair Market Value will be as determined by the Administrator in good faith. If an ISO is granted to an Optionee who then owns, directly or by attribution under Section 424(d) of the Code, shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, then the Option Price shall be One Hundred and Ten Percent (110%) of the Fair Market Value of an Option Share on the Grant Date.

(c) Medium of Payment. An Optionee shall pay for Options Shares (i) in cash, (ii) by bank check payable to the order of the Company or (iii) by such other mode of payment as the Administrator may approve, including payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board. Furthermore, the Administrator may provide in an Option Document that payment may be made in whole or in part in shares of the Common Stock held by the Optionee for more than one year. If payment is made in whole or in part in shares of the Common Stock, then the Optionee shall deliver to

the Company certificates registered in the name of such Optionee representing shares of Common Stock legally and beneficially owned by such Optionee, free of all liens, claims and encumbrances of every kind and having a fair market value on the date of delivery of such notice that is not less than the Option Price of the Option Shares with respect to which such Option is to be exercised, accompanied by stock powers duly endorsed in blank by the record holder of the shares represented by such certificates. If certificates for shares of the Company's Common Stock delivered to the Company represent a number of shares in excess ("Excess Shares") of the number of shares required to make payment for the Option Price of the Option Shares (or the relevant portion thereof) with respect to which such Option is to be exercised by payment in shares of Common Stock, the stock certificate issued to the Optionee shall represent the total of the Option Shares in respect of which payment is so made plus such Excess Shares. Notwithstanding the foregoing, the Board of Directors, in its sole discretion, may refuse to accept shares of Common Stock in payment of the Option Price. In that event, any certificates representing shares of Common Stock which were delivered to the Company shall be returned to the Optionee with notice of the refusal of the Board of Directors to accept such shares in payment of the Option Price. The Board of Directors may impose such limitations or prohibitions on the use of shares of the Common Stock to exercise an Option as it deems appropriate, subject to the provisions of the Plan.

(d) Initial Exercise. The Administrator shall determine the time at which an Option may first be exercised.

(e) Termination of Options. All Options shall expire at such time as the Administrator may determine and set forth in the Option Document, which date shall not be later than the last business date immediately preceding the tenth anniversary of the Grant Date of such Option (the "Expiration Date"). No Option may be exercised later than the Expiration Date. Notwithstanding the foregoing, no Option shall be exercisable after the first to occur of the following:

(i) In the case of an ISO, five years from the Grant Date if, on such date the Optionee owns, directly or by attribution under Section 424(d) of the Code, shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company;

(ii) The date set by the Board of Directors of the Company to be an accelerated expiration date after a finding by the Board of Directors of the Company that a change in the financial accounting treatment for Options from that in effect on the date the Plan was adopted materially adversely affects or, in the determination of such Board of Directors, may materially adversely affect in the foreseeable future, the Company, provided such Board of Directors may take whatever other action, including acceleration of any exercise provisions, it deems necessary should it make the determination referred to hereinabove;

(iii) Expiration of one year (or such shorter period as the Administrator may select and set forth in the Option Document) from the date the Optionee's employment or

service with the Company terminates for any reason other than circumstances described by Subsection (e)(v), below;

(iv) In the event of a "Change in Control" (as defined in Subsection (f) below), the Administrator can (A) accelerate the Expiration Date of any Option which has vested provided an Optionee who holds an Option is given written notice at least thirty (30) days before the date so fixed, or (B) terminate any Option which has not then vested; or

(v) In the case of an Option granted under the Key Employee Plan, a finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the Optionee, that the Optionee has been discharged from employment with the Company for Cause. For purposes of this Section, "Cause" shall mean: (A) a breach by Optionee of his employment agreement with the Company, (B) a breach of Optionee's duty of loyalty to the Company, including without limitation any act of dishonesty, embezzlement or fraud with respect to the Company, (C) the commission by Optionee of a felony, a crime involving moral turpitude or other act causing material harm to the Company's standing and reputation, (D) Optionee's continued failure to perform his duties to the Company or (E) unauthorized disclosure by Optionee of trade secrets or other confidential information belonging to the Company. In the event of a finding that the Optionee has been discharged for Cause, in addition to immediate termination of the Option, the Optionee shall automatically forfeit all Option Shares for which the Company has not yet delivered the share certificates upon refund of the Option Price.

(f) Change of Control. In the event of a Change in Control (as defined below), the Administrator may take whatever action with respect to the Options outstanding under the Plan it deems necessary or desirable, including, without limitation, accelerating the Expiration Date in the respective Option Documents to a date no earlier than thirty (30) days after notice of such acceleration is given to the Optionee or terminate any Option which has not then vested. A "Change of Control" shall be deemed to have occurred upon the earliest to occur of the following events:

(i) The date the stockholders of the Company (or the Board of Directors, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated;

(ii) the date the stockholders of the Company (or the Board of Directors, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company;

(iii) the date the stockholders of the Company (or the Board of Directors, if stockholder action is not required) and the stockholders of the other constituent corporation (or its board of directors if stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into such other corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Common Stock immediately prior to the merger or consolidation will hold at least a

majority of the ownership of common stock of the surviving corporation (and, if one class of common stock is not the only class of voting securities entitled to vote on the election of directors of the surviving corporation, a majority of the voting power of the surviving corporation's voting securities) immediately after the merger or consolidation, which common stock (and, if applicable, voting securities) is to be held in substantially the same proportion as such holders' ownership of Common Stock immediately before the merger or consolidation; or

(iv) the date any entity, person or group, (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act")), other than (A) the Company or any of its Affiliates or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates or (B) any person who, on the date the Plan is approved by the stockholders, shall have been the beneficial owner of at least twenty percent (20%) of the outstanding Common Stock, shall have become the beneficial owner of, or shall have obtained voting control over, more than fifty percent (50%) of the outstanding shares of the Common Stock.

(g) Transfers. No ISO granted under the Plan may be transferred, except by will or by the laws of descent and distribution. During the lifetime of the person to whom an ISO is granted, such Option may be exercised only by such person. No NQSO under the Plan may be transferred, except by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(h) Other Provisions. The Option Documents shall contain such other provisions including, without limitation, additional restrictions upon the exercise of the Option or additional limitations upon the term of the Option, as the Administrator shall deem advisable.

(i) Amendment. The Administrator shall have the right to amend Option Documents issued to such Optionee, subject to the Optionee's consent if such amendment is not favorable to the Optionee, except that the consent of the Optionee shall not be required for any amendment made under Subsection (f) above.

5.4 Exercise.

(a) Notice. No Option shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and of payment in full of the Option Price for the Option Shares to be purchased. Each such notice shall (i) specify the number of Option Shares to be purchased, (ii) satisfy the securities law requirements set forth in this Section 5.4, and (iii) in the case of an ISO, state that the Optionee acknowledges that the Options Shares may not be sold within one year of exercise, two years from the Grant Date or later than three months following termination of employment, in order to maintain the ISO status of the Option.

(b) Restricted Stock. Each exercise notice shall (unless the Option Shares are covered by a then current registration statement or a Notification under Regulation A under the

Securities Act of 1933, as amended (the "Securities Act")), contain the Optionee's acknowledgment in form and substance satisfactory to the Company that (i) such Option Shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Securities Act); (ii) the Optionee has been advised and understands that (A) the Option Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and are subject to restrictions on transfer and (B) the Company is under no obligation to register the Option Shares under the Securities Act or to take any action which would make available to the Optionee any exemption from such registration, (iii) such Option Shares may not be transferred without compliance with all applicable federal and state securities laws, and (iv) an appropriate legend referring to the foregoing restrictions on transfer and any other restrictions imposed under the Option Documents may be endorsed on the certificates. Notwithstanding the above, should the Company be advised by counsel that the issuance of Option Shares upon the exercise of an Option should be delayed pending (A) registration under federal or state securities laws, (B) the receipt of an opinion that an appropriate exemption therefrom is available, (C) the listing or inclusion of the Option Shares on any securities exchange or in an automated quotation system or (D) the consent or approval of any governmental regulatory body whose consent or approval is necessary in connection with the issuance of such Option Shares, the Company may defer the exercise of any Option granted hereunder until either such event in A, B, C or D has occurred.

(c) Notice of Disqualifying Disposition. An Optionee shall notify the Administrator if any Option Shares received upon the exercise of an ISO are sold within one year of exercise or two years from the Grant Date.

ARTICLE VI STOCK AWARDS

6.1 Grants of Stock Awards. Stock Awards will consist of shares of Common Stock ("Bonus Shares") transferred to recipients ("Recipient"), either without payment therefor or with such payment as may be required by the Administrator, as additional compensation for such Recipient's service to the Company. Stock Awards shall be subject to such terms and conditions as the Administrator determines appropriate including, without limitation, restrictions on the sale or other disposition of such Bonus Shares and rights of the Company to reacquire such Bonus Shares upon termination of the Recipient's employment or service within specified periods.

6.2 Transferability; Legends. Bonus Shares may be transferred only if (i) the Bonus Shares are securities covered by a then current registration statement or a Notification under Regulation A under the Securities Act, or such transfer complies with the requirements of Rule 144 of the Exchange Act; and (ii) such transfer does not violate any restriction imposed on the Stock Award. The Bonus Shares may bear a legend referring to (x) the restrictions on transferability of such Bonus Shares, or (y) if the Recipient is subject to Section 16 of the Exchange Act at the time the Bonus Shares are issued, the liability which may arise under Section 16 upon disposition of the Bonus Shares.

ARTICLE VII
ADMINISTRATION

7.1 Administrator. The Administrator for purposes of the Non-Qualified Plan and the Key Employee Plan will be as follows:

(a) Non-Qualified Plan. The grant of Options and Stock Awards pursuant to the Non-Qualified Plan will be administered by the Board of Directors of the Company. The Board of Directors of the Company may make such interpretation and construction of the Non-Qualified Plan as necessary from time to time in its sole discretion, such interpretation and construction of the Non-Qualified Plan to be final, binding and conclusive.

(b) Key Employee Plan. With respect to the Key Employee Plan, the Board of Directors shall appoint a committee (the "Committee") composed of two or more non-employee directors (as the term "non-employee directors" is defined under Rule 16b-3(b)(3) of the Exchange Act) to operate and administer the Key Employee Plan. The Committee will administer the grant of Options and Stock Awards pursuant to the Key Employee Plan.

7.2 Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

7.3 Discretion of Committee and the Board of Directors. The Committee shall from time to time at its discretion grant Benefits pursuant to the terms of the Key Employee Plan and the Board of Directors shall from time to time at its discretion grant Benefits pursuant to the terms of the Non-Qualified Plan. The Administrator, as the case may be, shall have plenary authority to determine the Optionees or Recipients (each a "Participant") to whom and the times at which Benefits shall be granted, the number of Plan Shares to be covered by such grants and the price and other terms and conditions thereof, including a specification with respect to whether an Option is intended to be an ISO, subject, however, to the express provisions of the Key Employee Plan and compliance with Rule 16b-3(d) under the Exchange Act. In making such determinations the Administrator may take into account the nature of the Participant's services and responsibilities, the Participant's present and potential contribution to the Company's success and such other factors as it may deem relevant. The interpretation and construction by the Administrator of any provision of the Plan or of any benefit granted under it shall be final, binding and conclusive.

7.4 No Liability. No member of the Board of Directors or the Committee shall be personally liable for any action or determination with respect to the Plan or any benefit thereunder, or for any act or omission of any other member of the Board of Directors or the Committee, including but not limited to the exercise of any power and discretion given to him under the Key Employee Plan, except those resulting from (i) any breach of such person's duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or

involving intentional misconduct or a knowing violation of law or (iii) any transaction from which such person derived an improper personal benefit.

7.5 Indemnification. In addition to such other rights of indemnification as he may have as a member of the Board of Directors or the Committee, and with respect to the administration of the Plan and the granting of Benefits hereunder, each member of the Board of Directors and of the Committee shall be entitled without further action on his part to be indemnified by the Company for all expenses (including but not limited to reasonable attorneys' fees and expenses, the amount of judgment and the amount of approved settlements made with a view to the curtailment of costs of litigation, other than amounts paid to the Company itself) reasonably incurred by him in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Benefits hereunder in which he may be involved by reason of his being or having been a member of the Board of Directors or the Committee, whether or not he continues to be such member of the Board of Directors or the Committee at the time of the incurring of such expenses; provided, however, that such indemnity shall not include any expenses incurred by such member of the Board of Directors or Committee: (i) in respect of matters as to which he shall be finally adjudged in such action, suit or proceeding to have been guilty of gross negligence or willful misconduct in the performance of his duties as a member of the Board of Directors or the Committee; or (ii) in respect of any matter in which any settlement is effected in an amount in excess of the amount approved by the Company on the advice of its legal counsel; and provided further that no right of indemnification under the provisions set forth herein shall be available to or accessible by any such member of the Administrator unless within ten (10) days after institution of any such action, suit or proceeding he shall have offered the Company in writing the opportunity to handle and defend such action, suit or proceeding at its own expense. The foregoing right of indemnification shall inure to the benefit of the heirs, executors or administrators of each such member of the Board of Directors or the Committee and shall be in addition to all other rights to which such member of the Board of Directors or the Committee would be entitled to as a matter of law, contract or otherwise.

7.6 Adjustments on Changes in Common Stock. The aggregate number of shares of Common Stock as to which Options or Stock Awards may be granted under the Non-Qualified Plan and the Key Employee Plan, the number of Option Shares covered by each outstanding Option and the Option Price per Option Share specified in each outstanding Option shall be appropriately adjusted in the event of a stock dividend, stock split or other increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or consolidation of the Common Stock or other capital adjustment (not including the issuance of Common Stock on the conversion of other securities of the Company which are convertible into Common Stock) effected without receipt of consideration by the Company. The Board of Directors shall have the authority to determine the adjustments to be made under this Section and any such determination by the Board of Directors shall be final, binding and conclusive, provided that no adjustment shall be made which will cause an ISO to lose its status as such.

ARTICLE VIII
MISCELLANEOUS

8.1 Amendment of the Plan. The Board of Directors may amend the Plan from time to time in such manner as it may deem advisable. Notwithstanding the foregoing, with respect to the Key Employee Plan, any amendment which would change the eligibility of employees or the class of employees eligible to receive an Option or increase the maximum number of shares as to which Options may be granted, will only be effective if such action is approved by the holders of stock of the Company having a majority of the vote.

8.2 Continued Employment. The grant of an Option pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company to continue the employment of the Participant or the service as a member of the Board of Directors, as a consultant or in any other capacity, whichever the case may be with the Company or any of its Affiliates.

8.3 Withholding of Taxes. Whenever the Company proposes or is required to issue or transfer Option Shares or Bonus Shares, the Company shall have the right to (a) require the recipient or transferee to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such Option Shares or Bonus Shares, or (b) take whatever action it deems necessary to protect its interests, including withholding a portion of such Option Shares or Bonus Shares.

Exhibit 21
Subsidiaries of the Registrant

Names of Subsidiaries and Names Under Which Subsidiaries Do Business	Jurisdiction of Incorporation

1. inTEST Limited	England
2. inTEST Kabushiki Kaisha	Japan
3. inTEST PTE, Ltd.	Singapore

Consent of Independent Certified Public Accountants

The Board of Directors
inTEST Corporation:

The audits referred to in our report dated March 14, 1997, included the related financial statement schedule for each of the years in the three-year period ended December 31, 1996, included in the registration statement. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We consent to the use of our reports included herein and to the references to our firm under the headings "Selected Consolidated Financial Data" and "Experts" in the prospectus.

/s/ KPMG Peat Marwick LLP

Philadelphia, Pennsylvania
May 1, 1997

CONSENT OF RATNER & PRESTIA

We hereby consent to the reference to our firm under the headings "Legal Matters" and "Experts" in this Registration Statement and the related Prospectus of inTEST Corporation.

RATNER & PRESTIA

/s/ Allan Ratner

Allan Ratner

Berwyn, PA
May 2, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0001036262
 INTEST CORPORATION
 1,000
 U.S. DOLLARS

12-MOS		
	DEC-31-1996	
	JAN-01-1996	
	DEC-31-1996	
	1,000	3,692
		0
	2,041	
	88	
	1,313	
	7,028	1,269
	676	
	7,716	
2,651		155
0		0
		38
		4,549
7,716		18,582
	18,582	6,755
	6,211	
	101	
	50	
	11	
	5,717	
	858	
4,859		0
	0	0
		0
	4,646	
	0	
	0	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNAUDITED FINANCIAL STATEMENTS FOR THE THREE-MONTHS ENDED MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0001036262
 INTEST CORPORATION
 1,000
 U.S. DOLLARS

3-MOS	DEC-31-1997	JAN-01-1997	MAR-31-1997
	1,000		
		2,983	
		0	
	2,583		
		88	
		1,178	
	6,823		
		1,251	
		701	
	2,899	7,492	
		148	
	0	0	
		38	
7,492		4,116	
		3,887	
	3,887		
		1,602	
		1,278	
		(15)	
		0	
		4	
	1,022		
		167	
855		0	
		0	
		0	
		844	
		0	
		0	