

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 29, 1998

METRO-TEL CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

0-9040

11-2014231

(Commission File Number) (IRS Employer Identification No.)

290 N.E. 68 Street, Miami, Florida

33138

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (305) 754-4551

250 South Milpitas Boulevard, Milpitas, CA 95035

(Former name or former address, if changed since last report)

Item 1. Changes in Control of Registrant.

and

Item 2. Acquisition or Disposition of Assets.

On November 1, 1998, pursuant to an Agreement of Merger dated as of July 1, 1998 ("Merger Agreement"), among the Company, Metro-Tel Acquisition Corp., a newly formed wholly-owned subsidiary of the Company ("Subsidiary"), Steiner-Atlantic Corp., a Florida corporation ("Steiner"), William K. Steiner and Michael S. Steiner, Subsidiary was merged with and into Steiner; Steiner became a wholly-owned subsidiary of the Company; and William K. Steiner and Michael S. Steiner, the sole stockholders of Steiner, were issued an aggregate of 4,720,954 shares of Common Stock of the Company (representing approximately 69% of the outstanding shares of Common Stock of the Company following the Merger). In addition, 100,000 shares of the Company's Common Stock are being issued to Slusser Associates, Inc. ("Slusser"), the Company's financial advisor in connection with the Merger. In addition, Slusser received \$100,000 and is being reimbursed for its out-of-pocket expenses. Slusser previously received a \$25,000 fee for financial advisory services provided to the Company. The 2,054,046 shares of the Company's Common Stock outstanding at the time of the Merger remain outstanding and represent, in the aggregate, approximately 30% of the Company's Common Stock after the Merger. A copy of the

Merger Agreement was annexed as Exhibit A to the Company's Proxy Statement dated October 5, 1998 and is incorporated by reference as Exhibit 2.1 to this Report.

William K. Steiner, Michael S. Steiner and Slusser have acknowledged that they are "accredited investors" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and are acquiring the shares being issued to each for his or its sole account for investment and not with a view to resale or distribution. Accordingly the Company believes that the exemption from registration afforded by Section 4(2) of the Securities Act is applicable to the issuance of these shares.

Pursuant to the Merger Agreement, in addition to William K. Steiner and Michael S. Steiner, Stuart Wagner and David Blyer were designated by Steiner to serve on the Company's Board of Directors. Venerando J. Indelicato and Lloyd Frank continue to serve as directors of the Company and, in accordance with the Merger Agreement, Michael Epstein and Michael Michaelson have resigned as directors of the Company. Michael S. Steiner has been elected President and Chief Executive Officer of the Company, replacing Mr. Indelicato in that capacity. Mr. Indelicato continues to serve as Treasurer and Chief Financial Officer of the Company.

The terms of the Merger Agreement were negotiated by the Company and Steiner. Prior to the Merger, William K. Steiner and Michael S. Steiner had no material relationship with the Company or any of the Company's affiliates, directors or officers or any associate of any director or officer of the Company. The Company received a written opinion from Slusser that the consideration to be paid by the Company in connection with the Merger was fair to the Company and its stockholders from a financial point of view. The stockholders of the Company approved the Merger at the Company's 1998 Annual Meeting of Stockholders held on October 29, 1998.

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Founded in 1960, Steiner is a supplier of dry cleaning equipment, industrial laundry equipment and steam boilers, offering over 30 lines of commercial systems to customers in South Florida, the Caribbean and Central and South American markets. Steiner's services include: (1) designing and planning "turn-key" laundry and/or dry cleaning systems to meet the layout, volume and budget needs of a variety of institutional and retail customers, (2) supplying replacement equipment and parts to its customers, (3) providing warranty and preventive maintenance through factory-trained technicians and service managers, (4) selling its own line of dry cleaning systems to customers in the United States, the Caribbean and Latin America, and (5) selling process steam systems and boilers. The Company intends to continue Steiner's operations as a subsidiary of the Company.

Item 5. Other Events.

(a) On October 30, 1998, the Company filed an Amendment to its Certificate of Incorporation to increase the number of shares of Common Stock, \$.025 par value per share, which it is authorized to issue from 6,000,000 shares to 15,000,000 shares. This Amendment was approved by the Company's stockholders at the Company's 1998 Annual Meeting of Stockholders. A copy of such Amendment is annexed to this Report as Exhibit 4.1(g).

(b) On October 29, 1998, at the Company's 1998 Annual Meeting of Stockholders, the Company's stockholders approved an amendment to the Company's 1991 Stock Option Plan to increase the number of shares of Common Stock which the Company is authorized to issue thereunder from 250,000 shares to 850,000 shares. A copy of the Company's 1991 Stock Option Plan as amended to date is annexed to this Report as Exhibit 99.3.

(c) On November 2, 1998, Steiner entered into a Loan and Security Agreement (the "Loan Agreement") with First Union National Bank (the "Bank"). The Loan Agreement provides for a term loan to Steiner of \$2,400,000 (the "Term Loan") and a revolving credit facility to Steiner of up to \$2,250,000 (the "Revolving Loan" and, together with the Term Loan, the "Loans"). The Loans, which are guaranteed by the Company, are secured by pledges of substantially all

of the present and future assets and property, excluding real estate, of the Company and Steiner.

The following is a brief discussion of the loan arrangement and is qualified in its entirety by reference to the Loan Agreement and the Guaranty and Security Agreement dated November 2, 1998 by the Company in favor of the Bank, which are annexed hereto as Exhibits 4.2(a) and 4.2(b), respectively.

The unpaid principal balance of the Term Loan bears interest at (a) a variable rate per annum equal to the Bank's prime rate or (b) a fixed rate for any one-month interest period equal to 2.75% per annum above the LIBOR rate applicable to such period, as selected by Steiner from time to time. The Term Loan is to be repaid in consecutive monthly installments of \$40,000 commencing on January 1, 1999, with the remaining unpaid principal balance due on January 2, 2002.

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Under the Revolving Loan, Steiner may request advances of up to \$2,250,000, limited by a borrowing base equal to the sum of (i) 60% of eligible accounts receivable (as defined), plus (ii) 50% of eligible inventory (as defined) consisting of spare parts, plus (iii) 60% of eligible inventory (as defined) consisting of equipment. The unpaid principal balance of the Revolving Loan bears interest at a variable rate per annum equal to (a) the Bank's prime rate as in effect from time to time or (b) 2.75% per annum above the LIBOR market index rate, as selected by Steiner from time to time. The scheduled maturity date of the Revolving Loan is November 2, 1999.

The Loan Agreement requires, among other things, that Steiner and the Company maintain, on a consolidated basis: (a) as of the last day of each fiscal year of Steiner and the Company, a ratio of (i) the sum of (1) the consolidated net income after tax for the fiscal year then ended, plus (2) consolidated depreciation and amortization for the fiscal year then ended, less (3) dividends declared or paid by the Company during the fiscal year then ended to (ii) current maturities of long-term debt, including capitalized leases and excluding the Revolving Loan, of at least 1.25 to 1.0; and (b) a ratio of consolidated total liabilities (as defined) to consolidated tangible net worth (as defined) of at least 2.0 to 1.0. Steiner and the Company may declare or pay dividends or distributions only to the extent that such payments would not result in a failure to maintain such ratios. In addition, among other things, the Loan Agreement restricts the ability of Steiner and the Company to incur liens, make loans to others, guarantee obligations, purchase securities and make capital contributions and prohibits Steiner and the Company from purchasing, redeeming or otherwise acquiring any stock or other equity interests.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial statements of business acquired:

The following historical financial statements of Steiner-Atlantic Corp. are incorporated by reference to pages F-16 to F-27 of the definitive Proxy Statement of the Company filed with the Commission on October 5, 1998 (File No. 0-9040):

Report of Independent Certified Public Accountants

Balance Sheets at December 31, 1997 (audited) and June 30, 1998 (unaudited)

Statements of Income for the years ended December 31, 1996 and 1997 (audited) and for the six months ended June 30, 1997 and 1998 (unaudited)

Statements of Shareholders Equity for the years ended December 31, 1996 and 1997 (audited) and for the six months ended June 30, 1998 (unaudited)

Statements of Cash Flows for the years ended December 31, 1996 and 1997 (audited) and for the six months ended June 30, 1997 and 1998 (unaudited)

Notes to Financial Statements

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(b) Pro forma financial information:

The following unaudited Pro Forma Combined Condensed Financial Statements are incorporated by reference to pages 35 to 39 of the definitive Proxy Statement of the Company filed with the Commission on October 5, 1998 (File No. 0-9040):

Introductory Statement

Unaudited Pro Forma Combined Condensed Balance Sheet of the Company and Steiner at June 30, 1998.

Unaudited Pro Forma Combined Condensed Statements of Operations for the year ended December 31, 1997 and the six months ended June 30, 1998.

Notes to Unaudited Pro Forma Combined Condensed Financial Statement.

(c) Exhibits:

- 2.1 Agreement of Merger dated as of July 1, 1998 among the Company, Metro-Tel Acquisition Corp., Steiner-Atlantic Corp., William K. Steiner and Michael S. Steiner. Incorporated by reference to Exhibit A of the definitive Proxy Statement of the Company filed with the Commission on October 5, 1998 (File No. 0-9040).
- *4.1(a) Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1963.
- *4.1(b) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on March 27, 1968.
- *4.1(c) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 4, 1983.
- *4.1(d) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 5, 1986.
- *4.1(e) Certificate of Change of Location of Registered Office and of Agent, as filed with the Secretary of State of the State of Delaware on December 31, 1986.
- *4.1(f) Certificate of Ownership and Merger of Design Development Incorporated into the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1998.
- *4.1(g) Certificate of Amendment to the Company's Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on October 30, 1998.

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*4.2(a) Loan and Security Agreement dated November 2, 1998 between Steiner-Atlantic Corp. and First Union National Bank.

*4.2(b) Guaranty and Security Agreement dated November 2, 1998 by the Company in favor of First Union National Bank.

*99.1 Financial Statement of Steiner-Atlantic Corp.

*99.2 Pro Forma Financial Information.

*99.3 The Company's 1991 Stock Option Plan, as amended.

* Filed herewith.

Item 8. Change in Fiscal Year.

Since, for financial accounting purposes, the Merger will be accounted for as a reverse acquisition of the Company by Steiner, and since Steiner's fiscal year ends on December 31 and Steiner will be adopting the Company's June 30 fiscal year, a transition report on Form 10-K will be required for the six months ended June 30, 1998. The determination to use a June 30 fiscal year was made by the Company's Board of Directors on November 2, 1998.

SIGNATURE

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

METRO-TEL CORP.

Date: November 12, 1998 By: /s/ Venerando J. Indelicato

Venerando J. Indelicato, Treasurer
and Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement of Merger dated as of July 1, 1998 among the Company, Metro-Tel Acquisition Corp., Steiner-Atlantic Corp., William K. Steiner and Michael S. Steiner. Incorporated by reference to Exhibit A of the definitive Proxy Statement of the Company filed with the Commission on October 5, 1998 (File No. 0-9040).
*4.1(a)	Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1963.
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- *4.1(g) Certificate of Amendment to the Company's Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on October 30, 1998.
- *4.2(a) Loan and Security Agreement dated November 2, 1998 between Steiner-Atlantic Corp. and First Union National Bank.
- *4.2(b) Guaranty and Security Agreement dated November 2, 1998 by the Company in favor of First Union National Bank.
- *99.1 Financial Statement of Steiner-Atlantic Corp.
- *99.2 Pro Forma Financial Information.
- *99.3 The Company's 1991 Stock Option Plan, as amended.

* Filed herewith.

EXHIBIT 4.1(a)

CERTIFICATE OF INCORPORATION

OF

METRO-TEL CORP.

FIRST: The name of this corporation is:

METRO-TEL CORP.

SECOND: The location of its principal office in the State of Delaware is 129 South State Street, in the City of Dover, County of Kent. The name of the resident agent therein and in charge thereof is the Registrar and Transfer Company, 129 South State Street, Dover, Kent County, Delaware.

THIRD: The objects and purposes for which and for any of which this corporation is formed are to do any and all of the things herein set forth to the same extent as natural persons might or could do, viz:

1. As principal, agent, factor or otherwise, at wholesale, retail, on commission or otherwise to manufacture, assemble, import, purchase, or otherwise acquire, to hold, own, mortgage, distribute, export, sell, assign on commission and transfer or otherwise dispose of, to invest in, trade, experiment with, conduct research with respect to, design, develop, process, and generally deal in and with electronic, electrical, and communications products, systems, circuits and processes, devices and equipment of every kind, class and description, including the appliances, accessories, equipment, supplies and appurtenances necessary therefor or incidental thereto; in general, but without limitation, to engage in the electronic, electrical and communications businesses in all their varied branches.

2. To manufacture, purchase, lease or otherwise acquire, to hold, own, mortgage, pledge, sell, assign and transfer or otherwise dispose of, to invest, trade, import, export, deal in and deal with real and personal property of every class and description and in particular, goods, wares, merchandise, lands, properties, easements, buildings, business concerns and undertaking, concessions, produce, and any interest in real or personal property, and any claims against such property or against any person or corporation, and to carry on any business concern, or undertaking so acquired.

3. To purchase, receive, hold and own and dispose of bonds, mortgages, debentures, notes shares of capital stock and other securities, obligations, contracts and evidences of indebtedness of any company, corporation or association, or of any government, state, municipality or body politic; to receive, collect and dispose of interest, dividends, and income upon, of and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held or owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual ownership thereof, including the right to vote thereon.

4. To acquire the good will, rights and property, and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock or bonds of this corporation or otherwise.

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5. To acquire, hold, use, sell, assign, lease, grant licenses in

respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patents, patent rights, licenses and privileges, inventions, improvements and processes, trade marks and trade names and copyrights relating to or useful in connection with any business of this corporation.

6. To enter into, make, perform and carry out contracts of every kind for any lawful purpose, without limit as to amount, with any person, firm, association or corporation.

7. To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants and other negotiable or transferable instruments.

8. To borrow money, issue bonds, debentures or obligations of this corporation from time to time, for any of the objects or purposes of the corporation, and to secure the same by mortgage, pledge, deed of trust or otherwise.

9. To purchase, hold and reissue the shares of its capital stock; provided that this corporation shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of the corporation; and provided further that shares of its own capital stock belonging to the corporation shall not be voted upon directly or indirectly.

10. To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount, to purchase or otherwise acquire, to hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the States, Districts, Territories or Colonies of the United States and in any and all foreign countries, subject to the laws of such States, Districts, Territories, Colonies or Countries.

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11. In general, to carry on the foregoing or any other business in connection with the foregoing, either as principal, agent, factor or otherwise, at wholesale, retail, on commission or otherwise, whether manufacturing or otherwise, and to have and to exercise all the powers conferred by the laws of Delaware upon corporations formed under the act hereinafter referred to.

12. The foregoing clauses shall be construed as objects and powers and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

FOURTH: The total authorized capital stock of this corporation is Fifty Thousand Dollars (\$50,000), divided into Five Hundred Thousand (500,000) shares of the par value of Ten Cents (\$.10) each, all of which shall be known as Common Stock.

The amount of capital with which this corporation will commence business is the sum of One Thousand Dollars (\$1,000).

FIFTH: The names and places of residence of each of the original incorporators are as follows:

M. P. Gorsuch	Dover, Delaware
E. E. Boyles	Dover, Delaware
M. R. Hall	Dover, Delaware

SIXTH: This corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

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EIGHTH: No holder of any stock of this corporation shall be entitled as of right to purchase or subscribe for any part of any stock of the corporation authorized herein or of any additional stock of any class to be issued by reason of any increase of the authorized capital stock of the corporation, or of any bonds, certificates of indebtedness, debentures or other securities convertible into stock of the corporation, but any stock authorized herein or any such additional authorized issue of any stock or of securities convertible into stock may be issued and disposed of by the board of directors to such persons, firms, corporations or associations, and upon such terms and conditions as the board of directors may in their discretion determine, without offering any thereof on the same term or on any terms to the stockholders then of record or to any class of stockholders.

NINTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

a) To make, alter, amend and rescind the by-laws of this corporation; to fix the amount to be reserved as working capital; to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

b) From time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of this corporation, other than the stock ledger, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right of inspecting any account or book or document of this

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corporation except as conferred by statute, or authorized by the directors, or by a resolution of the stockholders.

c) If the by-laws so provide, to designate two or more of their number to constitute an executive committee, which committee shall for the time being, as provided in said resolution or in the by-laws of this corporation, have and exercise any or all of the powers of the board of directors in the management of the business and affairs of this corporation, and have power to authorize the seal of this corporation to be affixed to all papers which may require it.

TENTH: This corporation may in its by-laws confer powers additional to the foregoing upon the directors, in addition to the powers and authorities expressly conferred upon them by the statute.

ELEVENTH: Both stockholders and directors shall have power, if the by-laws so provide, to hold their meetings either within or without the State of Delaware; and the corporation may have one or more offices in addition to the principal office in Delaware, and keep its books (subject to the provisions of the statutes) outside of the State of Delaware at such places as may be from time to time designated by the board.

TWELFTH: No contract or other transaction between the corporation and any other firm or corporation shall be effected or invalidated by the fact that any one or more of the directors or officers of the corporation is or are interested in or is a member, director, officer or stockholder or are members, directors, officers or stockholders of, such other firm or corporation, and any director or directors, officer or officers, individually or jointly, may be a party or parties to or may be interested in any contract or transaction of the corporation or in which the corporation is interested; and no contract, act or transaction of the corporation with any person, firm, corporation or association shall be affected or invalidated by

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the fact that any director or directors, or officer or officers of the

corporation is a party or are parties to or interested in such contract, act or transaction, or in any way connected with such person, firm, corporation or association, and each and every person, who may become a director or officer of the corporation is hereby relieved, as far as is legally permissible, from any disability which might otherwise prevent him from contracting with the corporation for the benefit of himself, or of any firm, corporation or association in which he may in any way be interested.

THIRTEENTH: The corporation shall have power to indemnify any and all of its directors or officers or former directors or officers or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties or a party, by reason of being or having been directors or officers or a director or officer of the corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled, under any by-law, agreement, vote of stockholders, or otherwise.

FOURTEENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or

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stockholder thereof or on the application of any Receiver or Receivers appoint for this corporation under the provisions of Section 291 of the Revised Code of 1953 of said State, or on the application of trustee in dissolution or of any Receiver or Receivers appointed for this corporation under the provisions of Section 279 of the General Corporation Law of the State of Delaware, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of this corporation, as the case may be, and also on this corporation.

FIFTEENTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the original incorporators hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the General Corporation Law of the State of Delaware do make

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and file this certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seal this 12th day of June, A.D., 1963.

/s/ M.P. Gorsuch

M.P. Gorsuch

/s/ E.E. Boyles

E.E. Boyles

/s/ M.R. Hall

M.R. Hall

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STATE OF DELAWARE)
) SS:
COUNTY OF DELAWARE)

BE IT REMEMBERED, that on this 12th day of June, A.D., 1963, personally came before me, Emma V. Hall, a Notary Public for the State of Delaware, M.P. Gorsuch, E.E. Boyles and M. R. Hall, parties to the foregoing certificate of incorporation known to me personally to be such and severally acknowledged the said certificates to be the act and deed of the signers respectively and that the facts therein states are truly set forth. GIVEN under my hand and seal of office the day and year aforesaid.

/s/ Emma V. Hall

Emma V. Hall
Notary Public

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EXHIBIT 4.1(b)

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

* * * * *

METRO-TEL CORP., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a meeting duly held, adopted resolutions proposing and declaring advisable the following amendment of the Certificate of Incorporation of said corporation:

RESOLVED, that this Corporation's Certificate of Incorporation be amended by striking out the first paragraph of Article FOURTH thereof and substituting in lieu of said paragraph the following new paragraph:

"FOURTH: The total authorized capital stock of this Corporation is Fifty Thousand Dollars (\$50,000.00), divided into Two Million Shares (2,000,000) of the par value of Two and a Half Cents (\$.025) each, all of which shall be known as Common Stock."

SECOND: That the said amendment has been consented to and authorized by the vote of more than a majority of all the issued and outstanding shares of stock entitled to vote, at a meeting duly called and held for that purpose on the 22nd day of March, 1968, at the office of the corporation.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of The General Corporation Law of Delaware.

FOURTH: All of the shares of the issued and outstanding capital stock of the corporation shall by this Amendment be changed and reclassified into shares of the new common stock of this corporation so that each share of stock as the same existed immediately preceding the effective date of this Amendment shall by this Amendment be reclassified into four shares of the new capital stock.

FIFTH: That the capital of said corporation will not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said METRO-TEL CORP., has caused its corporate seal to be hereunto affixed and this certificate to be signed by Venerando J. Indelicato, its President, and Lloyd Frank, its Secretary, this 22nd day of March, 1968.

METRO-TEL CORP.

By: /s/ Venerando J. Indelicato

Venerando J. Indelicato,
President

By: /s/ Lloyd Frank

Lloyd Frank,
Secretary

Attest:

STATE OF NEW YORK) SS:
)
COUNTY OF NEW YORK)

BE IT REMEMBERED, that on this 22nd day of March, 1968, personally came before me, a Notary Public in and for the County and State aforesaid, VENERANDO J. INDELICATO, President of METRO-TEL CORP., a corporation of the State of Delaware, the corporation described in and which executed the foregoing certificate, known to me personally to be such, and he, the said VENERANDO J. INDELICATO, as such President, duly executed said certificate before me and acknowledged the said certificate to be his act and deed and the act and deed of said corporation; that the signatures of the said President and of the Secretary of said corporation to said foregoing certificate are in the handwriting of the said President and Secretary of said corporation, respectively, and that the seal affixed to said certificate is the common or corporate seal of said corporation, and that the facts therein stated are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

/s/ Paul E.

Paul E.

Notary Public

EXHIBIT 4.1(c)

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

METRO-TEL CORP.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is Metro- Tel Corp.

2. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu thereof the following new Article FOURTH:

"FOURTH: The total number of shares of shares of capital stock which the Corporation is authorized to issue is 6,200,000 shares, consisting of:

(1) 6,000,000 shares of Common Stock, having a par value of \$.025 per share; and

(2) 200,000 shares of Preferred Stock having a par value of \$1.00 per share. The Board of Directors of the Corporation is authorized, subject to limitations prescribed by law and by filing any certificate prescribed by law, to provide for the issuance of such Preferred Stock in series and to establish the number of shares to be included in each such series, the full or limited voting powers, or the denial of voting powers of each such series, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications or restrictions and other distinguishing characteristics, if any, of the shares of each such series. The authority of the Board of Directors with

respect to the shares of each such series shall include, without limitation, determination of the following:

(a) the number of shares of such series and the designation thereof;

(b) the annual rate or amount of dividends, if any, payable on shares of each such series (which dividends would be payable in preference to any dividends on Common Stock), whether such dividends shall be cumulative or non-cumulative and the conditions upon which and/or the date when such dividends shall be payable;

(c) whether the shares of each such series shall be redeemable and, if so, the terms and conditions of such redemption, including the time or times when and the price or prices at which shares of each such series may be redeemed;

(d) the amount, if any, payable on shares of each such series in the event of liquidation, dissolution or winding up of the affairs of the

Corporation;

(e) whether the shares of each such series shall be convertible into or exchangeable for shares of any other class, or any series of the same or any other class, and, if so, the terms and conditions thereof, including the price or prices or the rate or rates at which shares of each such series shall be so convertible or exchangeable, and the adjustment which shall be made, and the circumstances in which such adjustments shall be made, in such conversion or exchange prices or rates; and

(f) whether the shares of each such series shall have any voting rights in addition to those prescribed by law and, if so, the terms and conditions of exercise of voting rights."

3. The amendment to the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

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4. The capital of the Corporation will not be reduced under or by reason of the amendment herein certified.

Executed at New York, New York on October 27, 1983.

/s/ Venerando J. Indelicato

Venerando J. Indelicato, President

Attest;

/s/ Sheppard Beidler

Sheppard Beidler, Secretary

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EXHIBIT 4.1(d)

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
METRO-TEL CORP.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is METRO-TEL CORP.

2. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article THIRTEENTH thereof and by substituting in lieu of said Article the following new Article:

"THIRTEENTH: To the full extent authorized by law, the Corporation shall indemnify, and advance expenses to, any person made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his heir, executor or administrator, is or was a director, officer, employee or agent of the Corporation or serves or served at the request of the Corporation as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise."

The Certificate of Incorporation of the Corporation is further amended by adding the following new Article SIXTEENTH:

"SIXTEENTH: No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except that this Article SIXTEENTH, to the extent required by applicable law, does not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under

Section 174 of the General Corporation Law of the State of Delaware, as same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article SIXTEENTH, or adoption of any provision of this Certificate of Incorporation inconsistent with this Article SIXTEENTH, shall prejudice the exculpatory effect of this Article SIXTEENTH with respect to any act or omission occurring prior to the effective date of such amendment, repeal or inconsistent provision."

3. The amendments of the Certificate of Incorporation herein certified have been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

Signed and attested to on November 3, 1986.

/s/ Venerando J. Indelicato

Venerando J. Indelicato, President

Attest:

/s/ Lloyd Frank

Lloyd Frank, Secretary

EXHIBIT 4.1(e)

CERTIFICATE OF CHANGE OF LOCATION OF
REGISTERED OFFICE AND OF AGENT
OF

METRO-TEL CORP.

Adopted in accordance with the Provisions
of Section 133 of the General Corporation
Law of the State of Delaware.

It is hereby certified that:

I. The name of the corporation is Metro-Tel Corp.

II. The registered office of the corporation within the state
of Delaware is hereby changed to 229 South State Street, in the City of Dover,
County of Kent, 19901.

III. The Registered agent of the corporation within the state
of Delaware is hereby changed to United States Corporation Company, the business
office of which is identical with the registered office as hereby changed.

IV. The corporation has authorized the changes hereinabove set
forth by resolution of its Board of Directors.

IN WITNESS WHEREOF, we have signed this certificate this 29th day of
December 1986.

/s/ Venerando J. Indelicato

Venerando J. Indelicato,
President

ATTEST:

/s/ Lloyd Frank

Lloyd Frank, Secretary

EXHIBIT 4.1(f)
CERTIFICATE OF OWNERSHIP AND MERGER

OF

DESIGN DEVELOPMENT INCORPORATED

(a California corporation)

into

METRO-TEL CORP.

(a Delaware corporation)

It is hereby certified that:

1. METRO-TEL CORP (hereinafter sometimes referred to as the "Corporation") is a business corporation of the State of Delaware.
2. The Corporation is the owner of all of the outstanding shares of stock of DESIGN DEVELOPMENT INCORPORATED, which is a business corporation of the State of California.
3. The laws of the jurisdiction of organization of DESIGN DEVELOPMENT INCORPORATED permit the merger of a business corporation of that jurisdiction with a business corporation of another jurisdiction.
4. The Corporation hereby merges DESIGN DEVELOPMENT INCORPORATED into the Corporation.
5. The following is a copy of the resolutions adopted on June 7, 1988 by the Board of Directors of the Corporation to merge the said DESIGN DEVELOPMENT INCORPORATED into the Corporation:

RESOLVED, that DESIGN DEVELOPMENT INCORPORATED be merged into this Corporation, and that all of the estate, property, rights, privileges, powers, and franchises of DESIGN DEVELOPMENT INCORPORATED be vested in and held and enjoyed by this Corporation as fully and entirely and without change or diminution as the same were before held and enjoyed by DESIGN DEVELOPMENT INCORPORATED in its name;

RESOLVED, that this Corporation assume all of the obligations of DESIGN DEVELOPMENT INCORPORATED;

RESOLVED, that this Corporation shall cause to be executed and filed and/or recorded the documents prescribed by the laws of the State of Delaware, by the laws of the State of California, and by the laws of any other appropriate jurisdiction and will cause to be performed all necessary acts within the jurisdiction of organization of DESIGN DEVELOPMENT INCORPORATED and of this Corporation and in any other appropriate jurisdiction;

RESOLVED, that the effective time of the Certificate of Ownership and Merger setting forth a copy of these resolutions shall be June 30, 1988, and that, insofar as the General Corporation Law of the State of Delaware shall govern the same, said time shall be the effective Merger time.

Executed on June 7, 1988.

METRO-TEL CORP.

By: /s/ Vernerando J. Indelicato

Vernerando J. Indelicato,
President

Attest:

/s/Lloyd Frank

Lloyd Frank, Secretary

EXHIBIT 4.1(g)

CERTIFICATE OF AMENDMENT

TO

CERTIFICATE OF INCORPORATION

OF

METRO-TEL CORP.

METRO-TEL CORP., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation duly called and held, resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation, as amended, declaring said amendment to be advisable and calling for consideration thereof at a meeting of the stockholders of the Corporation. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that Article FOURTH of the Certificate of Incorporation of the Corporation, as amended, be further amended to increase the number of shares of Common Stock, par value \$.025 per share, which the Corporation is authorized to issue from 6,000,000 shares to 15,000,000 shares, which Article, as amended, will read as follows:

"FOURTH: The total number of shares of capital stock which the Corporation is authorized to issue is 15,200,000 shares, consisting of:

(1) 15,000,000 shares of Common Stock, having a par value of \$.025 per share; and

(2) 200,000 shares of Preferred Stock having a par value of \$1.00 per share. The Board of Directors of the Corporation is authorized, subject to limitations prescribed by law and by filing any certificate prescribed by law, to provide for the issuance of such Preferred Stock in series and to establish the number of shares to be included in each such series, the fully or limited voting powers, or the denial of voting powers of each such series, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications or restrictions and other distinguishing characteristics, if any, of the shares of each such series. The authority of the Board of Directors with respect to the shares of each such series shall include, without limitation, determination of the following:

(a) the number of shares of each such series and the designation thereof;

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(b) the annual rate or amount of dividends, if any, payable on shares of each such series (which dividends would be payable in preference to any dividends on Common Stock), whether such dividends shall be cumulative or non-cumulative and the conditions upon which and/or the date when such dividends shall be payable;

(c) whether the shares of each such series shall be redeemable and, if so, the terms and conditions of such redemption, including the time or times when and the price or prices at which shares of each such series may be redeemed;

(d) the amount, if any, payable on shares of each such series in the event of liquidation, dissolution or winding up of the affairs of the Corporation;

(e) whether the shares of each such series shall be convertible into or exchangeable for shares of any other class, or any series of the same or any other class, and, if so, the terms and conditions thereof, including the price or prices or the rate or rates at which shares of each such series shall be so convertible or exchangeable, and the adjustment which shall be made, and the circumstances in which such adjustments shall be made, in such conversion or exchange prices or rates; and

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(f) whether the shares of each such series shall have any voting rights in addition to those prescribed by law and, if so, the terms and conditions of exercise of voting rights."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

Signed on October 29, 1998.

/s/ Venerando J. Indelicato

Venerando J. Indelicato,
President

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EXHIBIT 4.2(a)

LOAN AND SECURITY AGREEMENT

between

STEINER-ATLANTIC CORP.

("Borrower")

and

FIRST UNION NATIONAL BANK

("Lender")

Dated November 2, 1998

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LOAN AND SECURITY AGREEMENT

AGREEMENT, dated as of November 2, 1998, between STEINER-ATLANTIC CORP., a Florida corporation (the "Borrower"), and FIRST UNION NATIONAL BANK, a national banking association (the "Lender");

WITNESSETH:

In consideration of the mutual covenants herein contained and to induce the Lender to extend credit to the Borrower, the parties agree as follows:

1. Definitions; Financial and Other Terms.

1.1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below:

"Accounts" means all accounts, accounts receivable, contract rights, notes, bills, acceptances, choses in action, chattel paper, instruments, documents, and other forms of obligations at any time owing to a Person, and all "Accounts," as that term is defined in the Code, the proceeds thereof and all of such Person's rights with respect to any goods represented thereby, whether or not delivered, goods returned by customers and all rights as an unpaid vendor or lienor, including rights of stoppage in transit and of recovering possession by proceedings including replevin and reclamation, together with all customer lists, books and records, ledger and account cards, computer tapes, disks, printouts and records, whether now in existence or hereafter created, relating to Accounts.

"Account Debtor" means any Person who is or who may become

obligated to a Person, under, with respect to, or on account of an Account.

"Adjusted LIBOR" means LIBOR plus two and three-quarters percent (2.75%) per annum.

"Adjusted LIBOR Market Index Rate" means the LIBOR Market Index Rate plus two and three-quarters percent (2-3/4%) per annum.

"Advance" means the advance of funds under a Revolving Credit Loan.

"Advance Date" means the date a Revolving Credit Loan is Advanced hereunder.

"Advance Request" means a request for an Advance of a Revolving Credit Loan or an interest rate conversion under Section 3.3, substantially in the form of Exhibit B or such other form as Lender shall request.

"Affiliate" of a named Person means (a) any Person owning 5% or more of the voting stock or rights of such named Person or of which the named Person owns 5% or more of such voting stock or rights; (b) any Person controlling, controlled by or under common control with such named Person; (c) any officer or director of such named Person or any Affiliates of the named Person; and (d) any family member of the named Person or any Affiliate of such named Person. For the purposes of this definition, "control" means the possession, directly or indirectly, to direct or cause the direction of management and policies of such Person, whether through ownership of securities, by control or otherwise.

"Beneficiary" means the person who is the beneficiary of a Letter of Credit.

"Borrower Collateral" means all property of the Borrower (other than real estate), wherever located and whether now owned by Borrower or hereafter acquired, including, but not limited to all of Borrower's: (a) Inventory; (b) General Intangibles; (c) Accounts and Chattel Paper and any other instrument or intangible representing payment for goods or services; (d) Equipment; (e) funds on deposit with or under the control of the Lender or its agents or correspondents and all lockboxes which may be established; and (f) parts, replacements, additions, accessions, substitutions, profits, and products and cash and non-cash proceeds of any of the foregoing (including insurance proceeds

payable by reason of loss or damage thereto) in any form and wherever located. Borrower Collateral shall include all written or electronically recorded records relating to any such Borrower Collateral and other rights relating thereto.

"Borrowing Base" means the lesser of (i) \$2,250,000 or (ii) 60% of Eligible Accounts plus 50% of Eligible Inventory consisting of spare parts plus 60% of Eligible Inventory consisting of Equipment.

"Borrowing Base Certificate" means the Borrowing Base Certificate substantially in the form of Exhibit A or such other form as Lender may request.

"Business Day" means a weekday on which commercial banks are open for business in Miami, Florida.

"Chattel Paper" means all writing or writings which evidence both a monetary obligation and a security interest in or the lease of specific goods and in addition includes all property included in the definition of "chattel paper" as used in the Code.

"Closing Date" means the date first above written.

"Code" means the Uniform Commercial Code, as in effect in Florida and in any other jurisdiction, as applicable, from time to time.

"Collateral" means all Borrower Collateral and all Metro-Tel Collateral.

"Consolidated Tangible Total Assets" means all assets which would properly be shown on Borrower's and Metro-Tel's consolidated balance sheet in accordance with GAAP, less the aggregate amount of such assets which are classified as intangible assets or General Intangibles in accordance with GAAP.

"Consolidated Tangible Net Worth" means Consolidated Tangible Total Assets less Consolidated Total Liabilities.

"Consolidated Total Liabilities" means all liabilities which would properly be shown on Borrower's and Metro-Tel's consolidated balance sheet in accordance with GAAP, except indebtedness for borrowed money which is subordinated in a manner satisfactory to Lender in its sole discretion.

"Debt" means all liabilities of a Person as determined under GAAP and all obligations which such Person has guaranteed or endorsed or for which such Person is otherwise secondarily or jointly liable, and shall include, without limitation (a) all obligations for borrowed money or purchased assets, (b) obligations secured by assets whether or not any personal liability exists, (c) the capitalized amount of any capital or finance lease obligations, (d) the unfunded portion of pension or benefit plans or other similar liabilities, (e) obligations as a general partner, (f) contingent obligations pursuant to guaranties, endorsements, letters of credit and other secondary liabilities and (g) obligations for deposits.

"Default" means any event which with the passage of time or the giving of notice or both would become an Event of Default.

"Default Rate" means a rate equal to the lesser of (a) the Prime Rate plus five percent per annum or (b) the highest rate of interest allowed by applicable law.

"Eligible Accounts" shall mean all genuine, bona fide Accounts (valued net of the maximum amount of any discounts or other reductions) of the Borrower arising in the ordinary course of Borrower's business from the sale and delivery of Inventory or the rendition of services as to which the Lender has a first priority perfected Lien subject only to Permitted Liens, excluding: (a) Accounts outstanding for 91 days or more from the date of invoice; (b) Accounts owing from any Affiliate of the Borrower; (c) Accounts owed by a creditor of the Borrower or which are

in dispute or subject to any counterclaim, deduction, contra-account or offset; (d) Accounts owing by any Account Debtor which is not Solvent; (e) Accounts arising from a sale on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval, consignment or similar basis or which is subject to repurchase, return, rejection, repossession, loss or damage; (f) Accounts owed by an Account Debtor in the State of Minnesota or the State of New Jersey (unless Borrower has qualified to do business in such State or filed a current Notice of Business Activities report in such State); (g) Accounts as to which the goods giving rise to the Account have not been delivered to and accepted by the Account Debtor or the service giving rise to the Account has not been completely performed or which do not represent a final sale; (h) Accounts owed by the United States of America unless the Borrower shall have complied to the Lender's satisfaction with the Federal Assignment of Claims Act; (i) the total Accounts owed by an Account Debtor and its Affiliates exceeds a credit limit established by the Lender in its discretion (to the extent of such excess); (j) the Account is evidenced by a note or other instrument, (other than Chattel Paper) or reduced to judgment; (k) Accounts which, by contract, subrogation, mechanics' lien laws or otherwise, are subject to claims by the Borrower's creditors or other third parties or which are owed by Account Debtors as to whom any creditor of the Borrower (including any bonding company) has lien rights; (l) other Accounts for which the validity, collectibility or amount of which is determined in good faith by the Borrower or the Lender to be doubtful; (m) any Account for which there is any discount, allowance, claim, set-off, counterclaim or Lien which has not been disclosed in writing to the Lender; (n) any Account to the extent it is not for a liquidated amount; and (o) any other Account which the Lender, upon notice to the Borrower, deems ineligible in its sole credit judgment. No Accounts shall be Eligible Accounts if any representation, warranties or covenants herein relating thereto shall be inaccurate or violated. Unless the Borrower notifies the Lender in writing to the contrary, the Borrower

shall be deemed to have made a continuing representation and warranty that each Eligible Account has not become ineligible.

"Eligible Inventory" shall mean Inventory created or acquired in the ordinary course of the Borrower's business consisting of finished goods and raw materials of the Borrower as to which the Lender has a first priority perfected Lien subject only to Permitted Liens, of a kind usually and customarily sold by the Borrower and which is not, because of damage, age, unmerchantability, obsolescence or any other condition or circumstance, impaired in condition, value or marketability in the credit judgment of the Lender or the Borrower, and which is not, in the good faith credit judgment of the Lender, deemed ineligible after notice to the Borrower. No Inventory shall be eligible if it is consigned or if it fails to meet all applicable governmental standards for its use and sale. No Inventory shall be eligible unless it is located at the location of Borrower set forth in Section 9.4 or on Schedule 2.9 or at 297 N.E. 67th Street, Miami, Florida 33138 or at 277 N.E. 67th Street, Miami, Florida 33138, or at 286 N.E. 67th Street, Miami, Florida 33138 or at 6701 N.E. 2nd Court, Miami, Florida 33138, or if it is stored with a warehouseman, bailee or similar party. Eligible Inventory shall be computed at the lesser of cost or fair market value. No Inventory shall be Eligible Inventory if any representation, warranty, or covenant herein relating to such Inventory is inaccurate or violated. Unless the Borrower notifies the Lender in writing to the contrary, the Borrower shall be deemed to have made a continuing representation and warranty that none of the Eligible Inventory has become ineligible.

"Equipment" means all furniture, fixtures, equipment, motor vehicles, rolling stock and other tangible property of a Person of every description, except Inventory, and in addition includes all property included in the definition of "equipment" as used in the Code.

"Event of Default" means any event specified as such in Section 6.1, provided that there shall have been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

"Foreign Exchange Subfacility" has the meaning set forth in Section 3.10.

"Forward" shall have the meaning set forth in Section 3.10.

"GAAP" shall have the meaning ascribed thereto in Section 1.2.

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"General Intangibles" means all intangible personal property (including things in action) except Accounts, Chattel Paper and instruments (as defined in the Code), including all contract rights, copyrights, trademarks, trade names, service marks, patents, patent drawings, designs, formulas, rights to a Person's name itself, customer lists, rights to all prepaid expenses, marketing expenses, rights to receive future contracts, fees, commissions and orders relating in any respect to any business of a Person, all licenses and permits, all computer programs and other software owned by a Person, or which a Person has the right to use, and all rights for breach of warranty or other claims for funds to which a Person may be entitled, and in addition includes all property included in the definition of "general intangibles" as used in the Code. Without limiting the foregoing, General Intangibles includes all rights under the Merger Agreement.

"Guarantor" shall mean any Person now or hereafter guaranteeing, endorsing or otherwise becoming liable for any Indebtedness, including, but not limited to, Metro-Tel.

"Guaranty Agreement" or "Guaranty" shall mean any guaranty instrument now or hereinafter executed by a Guarantor in favor of Lender.

"Indebtedness" means all obligations now or hereafter owed to the Lender and/or its Affiliates by the Borrower and/or its Affiliates, whether fixed, contingent or otherwise, and whether related or unrelated to the Loans, including, without limitation, amounts owed or to be owed under the terms of the Loan Documents, or arising out of the transactions described therein, including, without limitation, the Loans, Letter of Credit Obligations, obligations

relating to the Foreign Exchange Subfacility, sums advanced to pay overdrafts on any account maintained by the Borrower with the Lender, reimbursement obligations for outstanding letters of credit issued at the request of the Borrower, amounts paid by the Lender under letters of credit or drafts accepted by the Lender for the account of the Borrower, together with all interest accruing thereon, and all fees, costs or expenses payable by Borrower under any Loan Document, including, but not limited to, all costs of collection, reasonable attorneys' fees, and expenses of or advances by the Lender which the Lender pays or incurs in discharge of obligations of the Borrower or to repossess, protect, preserve, store or dispose of any Collateral, whether such amounts are now due or hereafter become due, direct or indirect and whether such amounts due are from time to time reduced or entirely extinguished and thereafter re-incurred. The term also includes, but without limitation, the obligations of the Borrower under any Interest Rate Swap Agreement for any and all "Loss", "Settlement Amount" and "Unpaid Amounts", as such terms are defined in such Interest Rate Swap Agreement.

"Interest Rate Swap Agreement" means each and every ISDA Master Agreement, including all schedules, confirmations and exhibits thereto, entered into at any time between Lender and the Borrower, as such agreement may be amended or otherwise modified from time to time hereafter.

"Inventory" means all goods, merchandise and other personal property of a Person which is held for sale or lease or furnished or to be furnished under a contract for services or raw materials, and all work in process and materials used or consumed or to be used or consumed in a Person's business, and in addition, includes all property included in the definition of "inventory" as used in the Code.

"Letter of Credit" means a Trade Letter of Credit.

"Letter of Credit Agreement" shall mean the Continuing Commercial Credit Agreement (and each Application by Applicant for a Credit as referenced therein) of even date herewith between Lender and the Borrower, the form of which is attached hereto as B, it being understood that each Letter of Credit issued thereunder or in connection therewith shall be issued pursuant to and subject to the terms and conditions of this Agreement.

"Letter of Credit Obligations" shall mean all outstanding obligations incurred by Lender at the request of the Borrower, whether direct or indirect, contingent or otherwise, due or not due, in connection with the issuance by Lender of Letters of Credit. The amount of such Letter of Credit Obligations shall equal the maximum amount which may be payable by Lender thereupon or pursuant thereto.

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"LIBOR" is the rate for U.S. Dollar deposits of that many months maturity as reported on Telerate page 3750 as of 11:00 a.m. London time, on the second Business Day before such LIBOR Period begins (or, if not so reported, then as determined by Lender from another recognized source or interbank quotation).

"LIBOR Loan" means, at any time, any outstanding Loan or portion thereof that bears interest at Adjusted LIBOR at such time.

"LIBOR Market Index Rate Loan" means, at any time, any outstanding portion of any Loan that bears interest at the Adjusted LIBOR Market Index Rate at such time.

"LIBOR Market Index Rate", for any day, is the rate for one month U.S. dollar deposits as reported on Telerate page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as may be determined by Lender from another recognized source or interbank quotation).

"LIBOR Period" means the period commencing on the date a LIBOR Loan is made and ending on the numerically corresponding day in the first calendar month thereafter; provided that if a LIBOR Period would end on a day which is not a Business Day, such LIBOR Period shall be extended to the next

Business Day unless such Business Day would fall in the next calendar month, in which event such LIBOR Period shall end on the immediately preceding Business Day.

"Lien" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the UCC or comparable law of any jurisdiction).

"Loans" means the Term Loan and the Revolving Credit Loans.

"Loan Documents" means this Agreement, any other Security Agreement, the Notes, any Guaranty Agreement, all Letter of Credit Agreements (and all agreements and documents executed in connection therewith), all UCC-1 financing statements required under this Agreement or any of the other Loan Documents, any Interest Rate Swap Agreement, and all other agreements, documents and instruments now or hereafter evidencing, describing, guaranteeing, relating to or securing the Indebtedness.

"Material Adverse Change" means a material adverse change in any of: (i) the condition (financial or otherwise), business, performance, profits, cash flows, operations, properties or prospects of the Borrower or Metro-Tel; (ii) the legality, validity or enforceability of any Loan Document which substantially deprives the Lender of the benefits thereof; (iii) the ability of the Borrower or Metro-Tel to repay the Indebtedness or to perform its obligations under any Loan Document; (iv) the rights and remedies of the Lender under the Loan Documents which substantially deprives the Lender of the benefits thereof; or (v) the Collateral or the Lender's Liens in the Collateral or the priority of such Liens.

"Material Adverse Effect" means an effect that has a reasonable likelihood of resulting in or causing a Material Adverse Change.

"Metro-Tel" means Metro-Tel Corp., a Delaware corporation.

"Merger" has the meaning set forth in Section 4.1.

"Merger Agreement" has the meaning set forth in Section 4.1.

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"Metro-Tel Collateral" means all property of Metro-Tel (other than real estate), wherever located and whether now owned by Metro-Tel or hereafter acquired, including, but not limited to all of Metro-Tel's: (a) Inventory; (b) General Intangibles; (c) Accounts and Chattel Paper and any other instrument or intangible representing payment for goods or services; (d) Equipment; (e) funds on deposit with or under the control of the Lender or its agents or correspondents and all lockboxes which may be established; and (f) parts, replacements, additions, accessions, substitutions, profits, and products and cash and non-cash proceeds of any of the foregoing (including insurance proceeds payable by reason of loss or damage thereto) in any form and wherever located. Metro-Tel Collateral shall include all written or electronically recorded records relating to any such Metro-Tel Collateral and other rights relating thereto.

"Notes" means the Term Note and the Revolving Credit Note.

"Permitted Debt" means (a) the Indebtedness; (b) Debt payable to suppliers and other trade creditors in the ordinary course of business on ordinary and customary trade terms and which is not past due more than 30 days; (c) Debt secured by Permitted Liens; (d) Debt which is subordinated in right and time of payment to all Indebtedness in a manner reasonably satisfactory in form and substance to the Lender; and (e) such other Debt as the Lender may consent to in writing from time to time.

"Permitted Liens" means (a) Liens securing the Indebtedness; (b) Liens for taxes and other statutory Liens, landlord's Liens and similar Liens arising out of operation of law (provided they are subordinate to the

Lender's Liens on Collateral) so long as the obligations secured thereby are not past due more than 30 days; (c) Liens described on Schedule 1.1 hereto (if any), provided, however, that no Debt not now secured by such Liens shall become secured by such Liens hereafter other than Liens arising by operation of law (provided they are subordinate to the Lender's Liens on Collateral) and such Liens shall not encumber any other assets; and (d) purchase money Liens to the extent such Liens secure not more than 100% of the purchase price of assets purchased without violating the terms hereof and cover only assets purchased.

"Person" means any natural person, corporation, unincorporated organization, trust, joint-stock company, joint venture, association, limited or general partnership, limited liability company, any government, or any agency or political subdivision of any government.

"Prime Rate" shall be (for any day) that rate of interest announced by Lender from time to time as its Prime Rate and is one of several interest rate bases used by Lender. Lender lends at rates both above and below its Prime Rate, and Borrower acknowledges that Lender's Prime Rate is not represented or intended to be the lowest or most favorable rate of interest offered by Lender.

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

"Revolving Credit Loan" shall have the meaning set forth in Section 3.1(b).

"Revolving Credit Loan Maturity Date" shall mean the earlier of (i) November 2, 1999 or (ii) the date the Lender demands repayment of the Revolving Credit Loans.

"Revolving Credit Note" shall mean the revolving credit note referenced in Section 3.2.

"Security Agreement" means this Agreement as it relates to a Lien on any or all of the Collateral, and any other mortgage, security agreement or similar instrument now or hereafter executed by the Borrower or any other Person granting the Lender a Lien on any Collateral to secure the Indebtedness.

"Solvent" means, as to any Person, that such Person has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature and

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owns property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its debts.

"Spot" shall have the meaning set forth in Section 3.10.

"Subsidiary" means any corporation, partnership or other Person in which the Borrower, directly or indirectly, owns 50% or more of the stock, capital or income interests, or other beneficial interests.

"Term" shall have the meaning ascribed thereto in Section 8.1.

"Term Loan" shall have the meaning set forth in Section 3.1(a).

"Term Loan Maturity Date" shall mean January 2, 2002.

"Term Note" means the term note referenced in Section 3.2.

"Trade Letter of Credit" shall mean a letter of credit (sight or time) issued by the Lender for the account of the Borrower payable to a supplier of Borrower upon presentation of appropriate supporting documentation.

1.2. Financial Terms. All financial terms used herein shall have the meanings assigned to them under generally accepted accounting principles consistently applied and maintained on a basis for the Borrower throughout the period indicated and consistent with the prior financial practice of the Borrower on a consolidated basis ("GAAP"), unless another meaning shall

be specified.

1.3. Other Terms. All other terms contained in this Agreement shall, when the context so indicates, have the meanings provided for by the Code to the extent the same are used or defined therein. Any reference to this Agreement or any other Loan Document shall include any amendment, supplement, enlargement, extension, renewal, restatement or other modification thereof.

2. Representations and Warranties. In order to induce the Lender to enter into this Agreement and to make the Loans, to issue the Letters of Credit and to extend credit accommodations under the Foreign Exchange Subfacility, the Borrower makes the following representations and warranties, all of which shall survive the execution and delivery of the Loan Documents and the making of the Loans and the issuance of Letters of Credit hereunder, and shall be deemed to be made on each day on which any Loan is outstanding (except to the extent a representation and warranty is made as of a particular date, in which case they shall be true and correct as of such date).

2.1. Valid Existence and Power. Each of Borrower and Metro-Tel is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified or licensed to transact business in all places where the failure to be so qualified could reasonably be expected to have a Material Adverse Effect. Each of Borrower and Metro-Tel has the power to make and perform the Loan Documents executed by it and all such instruments will constitute the legal, valid and binding obligations of such Person, enforceable in accordance with their respective terms, except to the extent enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, moratorium or other laws relating to creditors' rights generally and general principles of equity.

2.2. Authority. The execution, delivery and performance of the Loan Documents by each of Borrower and Metro-Tel have been duly authorized by all necessary action of such Person, and do not and will not violate any provision of law or regulation, or any writ, order or decree of any court or governmental or regulatory authority or agency or any provision of the governing instruments of such Person, and do not and will not, with the passage of time or the giving of notice, result in a breach of, or constitute a default or require any consent under, or result in the creation of any Lien, other than Permitted Liens, upon any property or assets of such Person pursuant to, any law, regulation, instrument

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or agreement to which such Person is a party or by which such Person or its respective properties may be subject, bound or affected.

2.3. Condition. Other than as disclosed in the financial statements most recently delivered to the Lender, neither Borrower nor Metro-Tel has any direct or contingent obligations or liabilities required to be disclosed therein under GAAP (including any guarantees or leases) or any material unrealized or anticipated losses from any commitments required to be disclosed therein under GAAP, except for executory contracts. To the Borrower's knowledge, there is no fact which the Borrower has not disclosed to the Lender in writing which could reasonably be expected to have a Material Adverse Effect.

2.4. Financial Statements. The financial statements of Borrower and Metro-Tel delivered to Lender have been prepared in accordance with GAAP, contain no material misstatements or omissions, and fairly present in all material respects the financial position, assets and liabilities of such Person as of the respective dates thereof and the results of operations and cash flows of such Person for the respective periods then ended.

2.5. Litigation; Government Regulation. There are no actions, suits or proceedings pending or threatened against or affecting the Borrower or Metro-Tel at law or in equity before any court or administrative officer or agency which, if adversely determined as to Borrower or Metro-Tel, could reasonably be expected to have a Material Adverse Effect. Neither Borrower nor Metro-Tel is in violation of or in default under any applicable statute, rule, order, decree, writ, injunction or regulation of any governmental body (including any court), the violation of which could reasonably be expected to have a Material Adverse Effect.

2.6. Agreements, Etc. Neither Borrower nor Metro-Tel is a party to any agreement or instrument or subject to any court order, governmental decree or any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither Borrower nor Metro-Tel is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party, or any law, regulation, decree, order or the like which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred.

2.7. Authorizations. All authorizations, consents, approvals and licenses required under applicable law or regulation for the ownership or operation of the property owned or operated by the Borrower or Metro-Tel or for the conduct of any business in which the Borrower or Metro-Tel is engaged have been duly issued and are in full force and effect, and neither the Borrower nor Metro-Tel is in default, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute a default, under any of the terms or provisions of any part thereof, or under any order, decree, ruling, regulation or other decision or instrument of any governmental commission, bureau or other administrative agency or public regulatory body having jurisdiction over the Borrower or Metro-Tel, which default is reasonably likely to have a Material Adverse Effect. Except as noted herein, no approval, consent or authorization of, or filing or registration with, any governmental commission, bureau or other regulatory authority or agency is required with respect to the execution, delivery or performance of any Loan Document by the Borrower or Metro-Tel.

2.8. Title; Collateral. The Borrower and/or Metro-Tel has good title to the Collateral and to all of the assets set forth in the financial statements most recently delivered to the Lender (except Inventory sold since the date of such financial statements in the ordinary course of business), free and clear of all Liens, except Permitted Liens. The Borrower and Metro-Tel alone have full ownership rights in all Collateral, subject only to Permitted Liens. The Liens granted to the Lender herein and pursuant to any other Security Agreement (a) constitute and, as to subsequently acquired property, will constitute, Liens under applicable law including, without limitation, the Code, entitled to all of the rights, benefits and priorities provided by applicable law including, without limitation, the Code and (b) are, and as to such subsequently acquired property will be, first priority, fully perfected, superior and prior to the rights of all third persons, now existing or hereafter arising, subject only to Permitted Liens. All of the Collateral is intended for use solely in the Borrower's and Metro-Tel's business. Except as set forth on Schedule 2.8, no Affiliate of Borrower or Metro-Tel has any interest in any assets used in Borrower's or Metro-Tel's business.

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2.9. Location and Names. The chief executive office and principal place of business of the Borrower and of Metro-Tel, where their respective business records are located, is the address designated for notices in Section 9.4 and at 250 South Milipitas Boulevard, Milipitas, California 95035, respectively. Neither Borrower nor Metro-Tel has any other places of business, except as shown on Schedule 2.9. Neither the Borrower, nor Metro-Tel has, during the past five years, been known as or used any other corporate, fictitious or trade names or been the subject of any bankruptcy or similar proceeding.

2.10. Taxes. Neither the Borrower nor Metro-Tel is delinquent in the payment of any taxes which have been levied or assessed by any governmental authority against it or its assets. The Borrower and Metro-Tel have timely filed all tax returns which are required by law to be filed, and have paid all taxes and all other assessments or fees levied upon the Borrower or Metro-Tel or upon their respective properties to the extent that such taxes, assessments or fees have become due. No controversy in respect of taxes is pending or, to the knowledge of the Borrower, threatened against the Borrower or Metro-Tel. The Borrower and Metro-Tel have paid all withholding, FICA and other payments required by federal, state or local governments with respect to any wages paid to employees.

2.11. Labor Law Matters. None of Borrower's or Metro-Tel's employees is a member of a labor union, and neither the Borrower nor Metro-Tel

is a party to or otherwise bound by, or threatened with any labor or collective bargaining agreement. None of the Borrower's or Metro-Tel's employees is known to be engaged in organizing any labor union or other employee group that is seeking recognition as a bargaining unit. No goods or services have been or will be produced by the Borrower or Metro-Tel in violation of any applicable labor laws or regulations or in violation of any minimum wage, wage-and-hour or other similar laws or regulations. Neither the Borrower nor Metro-Tel is subject to any material labor dispute.

2.12. Accounts. Each Account, instrument, Chattel Paper and other writing constituting any portion of the Collateral is (a) genuine and enforceable in accordance with its terms except for such limits thereon arising from bankruptcy and similar laws relating to creditors' rights; (b) not subject to any defense, setoff, claim or counterclaim of any nature against the Borrower or Metro-Tel except (i) for claims not exceeding \$50,000 in the aggregate incurred in the ordinary course of business or (ii) as to which the Borrower has notified the Lender in writing; and (c) not subject to any other circumstances that would impair the validity, enforceability or amount of such Collateral except as to which the Borrower has notified the Lender in writing. Each Account and all Inventory included in any Advance Request or Borrowing Base Certificate or calculation delivered to Lender as an Eligible Account or Eligible Inventory meets and will meet all requirements of an Eligible Account or Eligible Inventory, as the case may be.

2.13. Use and Location of Collateral. The Collateral is located only, and shall at all times be kept and maintained only, at the Borrower's or Metro-Tel's location or locations as described on Schedule 2.9, which are (i) owned and operated by the Borrower or Metro-Tel (and for each of which a mortgagee's waiver has been delivered in accordance with Section 4.1(f)), or (ii) leased and operated by the Borrower or Metro-Tel (and for each of which a landlord's lien waiver has been delivered in accordance with Section 4.1(f)).

2.14. Judgment Liens. Neither the Borrower nor Metro-Tel nor any of their assets is subject to any unpaid judgments (whether or not stayed) or any judgment liens in any jurisdiction.

2.15. Intent and Effect of Transactions; Borrower's Solvency. This Agreement and the transactions contemplated herein are not made or incurred with intent to hinder, delay or defraud any Person to whom the Borrower or Metro-Tel has been, is now, or may hereafter become indebted. The Borrower and Metro-Tel are Solvent. After giving effect to this Agreement, and the transactions contemplated hereby (including the uses of proceeds permitted by this Agreement), the Borrower and Metro-Tel will be Solvent and will not be left with an unreasonably small capital with which to engage in their businesses or in any businesses or transactions in which Borrower or Metro-Tel intend to engage. This Agreement is not entered into with the intent to incur, or with the belief that the Borrower or Metro-Tel would incur, debts that would be beyond Borrower's or Metro-Tel's ability to pay as such debts mature.

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2.16. Subsidiaries. Borrower has no Subsidiaries. Other than Borrower, Metro-Tel has no Subsidiaries.

2.17. Hazardous Materials. Except as disclosed on Schedule 2.17, the Borrower's and Metro-Tel's properties and improvements thereon have not in the past been used, are not presently being used, and will not in the future be used for, nor does the Borrower or Metro-Tel engage in, the handling, storage, manufacture, disposition, processing, transportation, use or disposal of hazardous or toxic materials, in any such instance in violation of applicable environmental laws.

2.18. ERISA. Either the Borrower and Metro-Tel have no pension, profit-sharing or other benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or they have furnished to the Lender true and complete copies of the latest annual report required to be filed pursuant to Section 104 of ERISA, with respect to each employee benefit plan or other plan maintained for employees of the Borrower or Metro-Tel and covered by Title IV of ERISA (a "Plan"), and no Termination Event (as hereinafter defined) with respect to any Plan has occurred and is continuing and no fact exists which might constitute grounds for a Termination Event or for the appointment of a

trustee to administer any such plan. For the purposes of this Agreement, a "Termination Event" means a "reportable event" as defined in Section 4043(b) of ERISA ("Reportable Event"), or the filing of a notice of intent to terminate under Section 4041 of ERISA. Neither the Borrower nor Metro-Tel has any unfunded liability with respect to any such Plan. No "prohibited transaction" (as defined under ERISA) has occurred with respect to any such Plan. Each such Plan has been administered in accordance with ERISA and the Code.

2.19. Investment Company Act. Neither the Borrower nor Metro-Tel is an "investment company" as defined in the Investment Company Act of 1940, as amended.

2.20. Use of Proceeds. The Loans shall be used solely to repay outstanding indebtedness to Lender and to finance working capital.

2.21. Trade Relations. There exists no actual or threatened termination, cancellation or limitation of, or any modification or change in, the business relationship of the Borrower or Metro-Tel with any customer or any group of customers whose purchases individually or in the aggregate are material to the business of the Borrower or Metro-Tel, or with any material supplier.

2.22. Maintenance of Business and Properties. Each of Borrower and Metro-Tel shall at all times maintain, preserve and protect its property used or useful in the conduct of its business, and keep the same in good repair, working order and condition, and from time to time make, or cause to be made, all material needful and proper repairs, renewals, replacements, betterments and improvements thereto so that the business carried on in connection therewith may be conducted properly and in accordance with standards generally accepted in businesses of a similar type and size at all times, and maintain and keep in full force and effect all licenses and permits necessary to the proper conduct of its business.

2.23. Full Disclosure. The Loan Documents, together with the statements furnished by or on behalf of the Borrower or Metro-Tel to the Lender in connection with the Loan Documents do not, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading. To the Borrower's knowledge, there is no fact which the Borrower has not disclosed to the Lender in writing which might reasonably be expected to have a Material Adverse Effect.

3. Loans.

3.1. Advances of Loans.

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(a) Advance of Term Loan. Upon the terms and subject to the conditions of this Agreement and the other Loan Documents, and provided there has not occurred a Default or Event of Default, the Lender agrees to make a term loan (the "Term Loan") to the Borrower on the Closing Date, in the principal amount of \$2,400,000. The Lender will disburse the proceeds of the Term Loan to the Borrower in accordance with written instructions furnished to the Lender by the Borrower on or before the Closing Date.

(b) Advance of Revolving Credit Loans. Upon the terms and subject to the conditions of this Agreement and the other Loan Documents, and provided there has not occurred a Default or Event of Default and Lender has not demanded repayment of the Revolving Credit Loans (as defined herein) (and provided a Default or Event of Default would not occur as a result of the making of a Revolving Credit Loan), from time to time upon the request of the Borrower until the Revolving Credit Loan Maturity Date, upon Lender's receipt from Borrower of an Advance Request, the Lender may in its discretion make revolving credit loans ("Revolving Credit Loans") to Borrower, up to a total principal amount not at any time to exceed the Borrowing Base less all Letter of Credit Obligations less the total value of outstanding Forward and Spot transactions. Upon the terms and subject to the conditions of this Agreement and the other Loan Documents, and provided that there has not occurred a Default or Event of Default and Lender has not demanded repayment of the Revolving Credit Loans, the outstanding principal balance of the Revolving Credit Loans may increase and decrease from time to time, and Advances thereunder may be repaid and

reborrowed, so long as the total principal balance of all outstanding Revolving Credit Loans does not at any time exceed the Borrowing Base less all Letter of Credit Obligations less the total value of outstanding Forward and Spot transactions. Should there occur any overdraft of any deposit account maintained by the Borrower with the Lender, the Lender may, at its option, disburse funds (whether or not in excess of the Borrowing Base) to eliminate such overdraft and such disbursement shall be deemed an advance of Revolving Credit Loan proceeds hereunder entitled to all of the benefits of the Loan Documents. Nothing herein shall be deemed an authorization of or consent to the creation of an overdraft in any account or create any obligations on the part of the Lender. The Borrower shall immediately repay to the Lender any amount by which the principal amount of Revolving Credit Loans outstanding exceeds the Borrowing Base less all Letter of Credit Obligations less the total value of outstanding Forward and Spot transactions. All Advances, whether or not in excess of the Borrowing Base shall be part of the Revolving Credit Loans and Indebtedness, shall bear interest as provided herein, shall be payable in accordance herewith and shall be entitled to all rights and security provided for herein and in the other Loan Documents. In determining the Borrowing Base, the Lender shall have the right from time to time upon notice to the Borrower to establish and re-establish such reserves as it deems appropriate in its sole credit judgment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, BORROWER SHALL REPAY ALL REVOLVING CREDIT LOANS IN FULL IMMEDIATELY UPON DEMAND OF LENDER, REGARDLESS OF WHETHER ANY DEFAULT OR EVENT OF DEFAULT HAS OCCURRED OR IS CONTINUING.

3.2 The Notes. The obligation of the Borrower to repay (i) the Term Loan shall be evidenced by the term note in the form of Exhibit C hereto (the "Term Note") and, (ii) the Revolving Credit Loan shall be evidenced by the revolving credit note in the form of Exhibit D hereto (the "Revolving Credit Note"); in each instance duly executed by the Borrower, dated the Closing Date and payable to the order of the Lender.

3.3 Notice and Manner of Borrowing. Upon the terms and subject to the conditions hereof, Borrower shall give Lender irrevocable written notice ("Advance Request") of each proposed Advance or rate conversion not later than 11:00 a.m., Miami time, (i) on the same Business Day as such proposed borrowing or rate conversion to a Prime Rate Loan or a LIBOR Market Index Rate Loan and (ii) at least two Business Days before each proposed Advance or rate conversion to a LIBOR Loan. Each such notice shall include or be accompanied by a Borrowing Base Certificate and specify (i) the date of such Advance or rate conversion, which shall be a Business Day, (ii) the amount to be Advanced or converted, (iii) the type of Loan (i.e., Prime Rate Loan, LIBOR Loan or LIBOR Market Index Rate Loan) selected, (iv) for LIBOR Loans, that the LIBOR Period shall be for a period of one month, and (v) containing such other information as Lender shall reasonably request. Advance Requests received after 11:00 a.m. shall be deemed received on the next Business Day. Once delivered, any Advance Request shall be irrevocable. All obligations hereunder and under the other

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Loan Documents shall constitute one general obligation of the Borrower. All outstanding Revolving Credit Loans shall either be Prime Rate Loans or LIBOR Market Index Rate Loans (but not both at any time) and the Term Loan shall either be a Prime Rate Loan or a LIBOR Loan (but not both at any time), all as elected by Borrower as provided herein. When the Prime Rate is selected, it shall be adjusted daily as applicable to reflect the Prime Rate and the Prime Rate shall continue to apply until another interest rate option is selected pursuant to the terms hereof. When the Adjusted LIBOR Market Index Rate is selected, it shall be adjusted daily as applicable to reflect the LIBOR Market Index Rate and the Adjusted LIBOR Market Index Rate shall continue to apply until another interest rate option is selected pursuant to the terms hereof. When the Adjusted LIBOR Rate is selected, such rate shall be fixed for the LIBOR Period and shall apply for successive LIBOR Periods at the then prevailing successive rate until another interest rate option is selected pursuant to the terms hereof. A LIBOR Loan may only be repaid, converted or renewed at the end of the LIBOR Period. All Loans shall initially be Prime Rate Loans unless otherwise requested by Borrower.

3.4. Interest.

(a) Generally. All interest accrued on any Loan shall be due and payable on each date when all or any amount of the unpaid principal balance of such Loan shall be due (whether by maturity, optional or mandatory prepayment, acceleration or otherwise). Interest on all Loans shall also be due and payable in arrears on the earlier of the first Business Day of each month or the end of the applicable LIBOR Period, if any. Except as otherwise expressly provided herein, interest on Revolving Credit Loans shall be payable at a rate per annum equal to the Prime Rate or the Adjusted LIBOR Market Index Rate, as selected by Borrower in the manner set forth herein. Except as otherwise expressly provided herein, interest on the Term Loan shall be payable at a rate per annum equal to the Prime Rate of Adjusted LIBOR, as selected by Borrower in the manner set forth herein.

(b) Restrictions on LIBOR Loans. Notwithstanding any provision to the contrary set forth herein, the right of Borrower to elect to have LIBOR Loans outstanding shall be subject to the following restrictions:

(i) no advance, renewal or continuation of a LIBOR Loan upon the expiration of a LIBOR Period shall be permitted during the continuation of a Default or an Event of Default and upon the occurrence and during the continuance of any Default or Event of Default, all LIBOR Loans then outstanding shall immediately and automatically bear interest at the Default Rate;

(ii) anything herein to the contrary notwithstanding, if Lender determines that quotations of interest rates for deposits are not being provided in the relevant amounts or for the relevant maturities for purposes of determining the rate of interest for LIBOR Loans or LIBOR Market Index Rate Loans under this Agreement, or that the rate of interest referred to in the definition of LIBOR Rate or LIBOR Market Index Rate does not accurately cover the cost to Lender incurred in making or maintaining such LIBOR Loans or LIBOR Market Index Rate Loans, then Lender shall give Borrower prompt notice thereof, and so long as such condition remains in effect, Lender shall be under no obligation to make further LIBOR Loans or LIBOR Market Index Rate Loans and all Loans shall thereafter bear interest at the Prime Rate (or if an Interest Rate Swap Agreement has been executed, at the floating rate payable by Lender thereunder with respect to the amount covered thereby);

(iii) if, at any time, a new or a revision of any existing law or interpretation or administration (including reversals) thereof by any applicable governmental authority, central bank or comparable agency imposes, increases or modifies any reserve or similar requirement against assets, deposits or other charges (except taxes on Lender's net income), and any of the foregoing increases the cost to Lender of maintaining any LIBOR Loan or reduces the amount of any sum received or receivable by Lender in connection with any LIBOR Loan, then upon notice to Borrower, the Term Loan shall bear interest at the Adjusted LIBOR Market Index Rate; and

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(iv) no LIBOR Loan shall have a LIBOR Period extending beyond the term Loan Maturity Date.

(c) Additional Payments for LIBOR Loans. Borrower shall pay to Lender such amount as Lender determines shall be sufficient to compensate Lender for any loss, cost or expense incurred as a result of any payment of a LIBOR Loan on a date other than the last day of the LIBOR Period for such LIBOR Loan. Any such payment shall include, without limitation, an amount equal to (X) any loss sustained by Lender as a result of reinvesting or redeploying any amount prepaid at a rate lower than Lender's cost of match funding such amount, calculated for the period consisting of the remainder of the relevant LIBOR Period or (Y) any direct breakage or unwinding costs resulting from the liquidation of deposits that match funded any amount not borrowed for the duration of the relevant LIBOR Period. Lender's determination of any such amounts, as specified in Lender's notice to Borrower, shall be conclusive.

3.5 Repayment of Loans. The principal amount of the Loans shall

be repaid as follows:

(a) Term Loan. Borrower shall repay the principal amount of the Term Loan in consecutive monthly installments of \$40,000 on the first day of each month, commencing on January 1, 1999. Notwithstanding anything to the contrary set forth herein, the entire remaining unpaid principal balance of Term Loan shall be repaid on the earlier of the Term Loan Maturity Date or the date upon which Borrower's obligations hereunder have been accelerated upon the occurrence of an Event of Default.

(b) Revolving Credit Loans. Borrower shall repay the entire principal amount of all Revolving Credit Loans immediately upon the earliest of (i) the Revolving Credit Loan Maturity Date, (ii) the acceleration of Borrower's obligations hereunder upon the occurrence of an Event of Default, (iii) at such time and to the extent that the amount of Revolving Credit Loans outstanding exceeds the amount permitted hereby or (iv) upon demand by Lender.

3.6. Costs, Fees and Expenses. Costs, fees and expenses which are payable pursuant to this Agreement or any other Loan Document shall be payable by Borrower to Lender or Lender's designee upon written demand by Lender to Borrower. Borrower irrevocably authorizes and directs Lender, at Lender's option, to cause all sums payable hereunder or under any Loan Document to be paid on the date due by charging such payment as a Revolving Credit Loan. Without limiting the generality of the foregoing, all such amounts which are not paid when due hereunder shall be Indebtedness secured by the Collateral and shall bear interest at the Default Rate.

3.7. Prepayments. Subject to the terms and conditions of any Interest Rate Swap Agreement, Borrower may prepay any Loan other than a LIBOR Loan in whole at any time or in part from time to time on any Business Day by notifying Lender by 9:00 a.m., Miami, Florida time, on such Business Day, without penalty or premium; provided, however, that

(i) each such prepayment shall be accompanied by the payment of accrued interest to the date of such prepayment on the amount prepaid and shall designate whether it is a payment of a Term Loan or a Revolving Credit Loan, and

(ii) each partial prepayment of any Term Loan shall be applied to the remaining scheduled payments of principal prepaid in the inverse order of their maturities.

Notwithstanding anything to the contrary set forth herein or in any Loan Document, any prepayment will not affect Borrower's obligation to continue making payments in connection with any Interest Rate Swap Agreement, which will remain in full force and effect, notwithstanding such prepayment.

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3.8 Payments and Computations.

(a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 noon, Miami, Florida time, on the day when due in lawful money of the United States of America to the Lender at its office at Commercial Loan Payment Center, P.O. Box 740502, Atlanta, Georgia 30374-0502 or such other address as Lender shall designate from time to time.

(b) The Borrower hereby authorizes the Lender, if and to the extent payment is not made when due hereunder or under any Note, to charge from time to time against the Borrower's accounts, if any, with the Lender any amount so due.

(c) All computations of interest shall be made by the Lender on the basis of a year of three hundred sixty (360) days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

(d) Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment

of interest.

3.9. Facility for Letters of Credit.

(a) Subject to all of the terms and conditions of this Agreement and the other Loan Documents, and provided there does not then exist a Default or Event of Default and provided that no Default or Event of Default would result from the issuance of a Letter of Credit, the Lender will issue, upon the Borrower's written request therefor, from time to time on and after the Closing Date until the Revolving Credit Loan Maturity Date or demand by Lender of repayment of the Revolving Credit Loans, Trade Letters of Credit for the account of the Borrower, upon the execution of such documents and agreements as Lender shall require. In no event shall Letter of Credit Obligations outstanding at any time hereunder exceed \$1,000,000 in the aggregate. Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender shall be under no obligation to issue any Letter of Credit on the Borrower's behalf if, after giving effect to the requested issuance, the sum of outstanding Revolving Credit Loans plus all Letter of Credit Obligations plus the total value of outstanding Forward and Spot transactions would exceed the Borrowing Base.

(b) Notwithstanding anything to the contrary set forth in this Section 3.9, Lender shall be under no obligation to issue any Letter of Credit having a maturity date or expiry date which is later than the Revolving Credit Loan Maturity Date or which is payable in a currency other than United States Dollars, Italian Lira or Euro-currency (at such time Lender issues letters of credit generally in Euro-currency).

(c) In the event that Lender shall make any payment on, or pursuant to, any Letter of Credit, the Borrower shall be obligated to, following notice of such payment by Lender, immediately reimburse Lender for any such payment. If the Borrower does not reimburse Lender on the same day that Lender provides such notice, the Lender shall have the right (but not the obligation) to make a Revolving Credit Loan in an amount equal to such unreimbursed portion of such payment; and if Lender elects not to make such advance of a Revolving Credit Loan, the entire unreimbursed amount and fees and costs shall continue to be Indebtedness secured by the Collateral and shall accrue interest at the Default Rate.

(d) In the event that any Letter of Credit Obligations, whether or not then due and payable, shall for any reason be outstanding on the date Lender demands repayment of the Revolving Credit Loans or the Revolving Credit Loan Maturity Date, the Borrower will either (i) provide the Lender with a letter of credit or other guaranty of payment for all then outstanding Letters of Credit issued by Lender, satisfactory to the Lender in its discretion, or (ii) pay to the Lender for the account of Lender cash in an amount equal to the maximum amount then available to be drawn under

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such Letters of Credit and fees and costs. All funds delivered to the Lender pursuant to this subsection (d) shall be held by Lender for the account of the Borrower.

(e) The Borrower shall comply with all of the terms and conditions imposed upon the Borrower under each Letter of Credit Agreement executed by Borrower.

(f) In the event of the Borrower's failure to pay to the Lender, upon demand, the total amount of liabilities incurred or sums paid by the Lender in connection with any such Letter of Credit, the Lender shall, in addition to its rights under the UCC of the State of Florida and under this Agreement, be fully subrogated to the rights of any Beneficiary of the Letters of Credit with respect to any obligation of the Borrower to such Beneficiary discharged with the proceeds of any Letter of Credit.

(g) The Borrower hereby unconditionally agrees to reimburse the Lender for the total amount of the sums paid by Lender in connection with the issuance of any Letters of Credit or any additional or further liability which may accrue against Lender in connection with the same.

(h) The Borrower hereby unconditionally agrees to indemnify the Lender and hold the Lender harmless from any and all losses,

claims or liabilities arising from any transactions or occurrences relating to Letters of Credit issued for the Borrower's account, and all obligations incurred in connection therewith, including any loss or claim due to any action taken or omitted by any Beneficiary thereof. The Borrower's unconditional obligation to the Lender shall not be modified or diminished for any reason or in any amount whatsoever. The Borrower agrees that any action taken by the Lender in connection with a Letter of Credit, if taken in good faith, shall be binding upon the Borrower and shall not impose any resulting liability on the Lender.

(i) In the event that this Agreement is terminated for any reason by the Borrower or the Lender as herein provided, the Lender demands repayment of the Revolving Credit Loans or there are any Letter of Credit Obligations outstanding on the Business Day prior to the Revolving Credit Loan Maturity Date, the Lender shall be entitled to charge immediately the Borrower's Revolving Credit Loan account hereunder or any of its other accounts with the full amount of any outstanding Letter of Credit Obligations, whether the Borrower's obligations with respect thereto are absolute or contingent at any time. All funds related to such charge shall be held by Lender to be applied against Indebtedness. The Lender shall also be entitled to hold an amount which the Lender may deem reasonably necessary to cover possible claims under any outstanding Letters of Credit unless and until the Lender is supplied with an indemnity reasonably satisfactory to it with respect to any possible liability under such Letters of Credit or a release of its liabilities thereunder.

(j) As additional consideration for Lender's issuing Letters of Credit for the account of Borrower, Borrower agrees to such fees and costs in connection therewith as Lender specifies.

(k) All Trade Letters of Credit shall be used only for the purpose of supporting Borrower's obligations with respect to the purchase of Inventory or for any other purpose approved in writing by Lender.

3.10. Facility for Foreign Exchange.

(a) Subject to all of the terms and conditions set forth in this Agreement and the other Loan Documents and provided that there does not then exist a Default or Event of Default and provided that no Default or Event of Default would result from the Lender's purchase of foreign exchange for Borrower, the Lender shall, upon Borrower's written request, purchase foreign exchange (the "Foreign Exchange Subfacility") for the Borrower's use from time to time on and after the Closing Date and until the Revolving Credit Loan Maturity Date, upon Borrower's execution of such documents and agreements as Lender may request.

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(b) The Borrower may request that the Lender engage in spot foreign exchange ("Spot") for a value in U.S. Dollars for the purpose of hedging currency exposure in connection with the Borrower's import activities. In addition, the Borrower may request that the Lender enter into forward foreign exchange contracts ("Forward") to hedge currency exposure in connection with the Borrower's import activities. The amount of Spot and Forward contracts shall not exceed on any given day or in the aggregate at any time the amount agreed to in writing by Borrower and Lender. Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender shall be under no obligation to enter into any Spot or Forward transactions on Borrower's behalf if, after giving effect to the requested transaction, the sum of outstanding Revolving Credit Loans plus all Letter of Credit Obligations plus the total value of outstanding Forward and Spot transactions would exceed the Borrowing Base.

(c) Obligations under Spot transactions shall be due and payable by Borrower in U.S. Dollar or foreign currency equivalent, whichever the case may be, within two Business Days from the date Borrower buys the Spot foreign exchange (the "Spot Value Date"). Obligations under Forward transactions shall be due and payable by the Borrower in U.S. Dollar or foreign currency equivalent, whichever the case may be, on or prior to the maturity date of the respective contract (the "Forward Value Date"). The Spot Value Date and the Forward Value Date shall be collectively referred to hereinafter as the "Value Date".

(d) The Borrower hereby gives the Lender the

authority to make Revolving Credit Loans for all amounts due under the Spot or Forward transaction on the Value Date.

(e) In the event that any Spot or Forward is outstanding on the Revolving Credit Loan Maturity Date, the Borrower will provide or pay to the Lender for any settlement of outstanding Spot or Forwards either of the following: (i) a standby letter of credit acceptable to the Lender or other guaranty of payment acceptable to the Lender; or (ii) cash funds to be directed into an escrow account. The amount required of the Borrower in (i) and (ii) shall be determined by Lender. Such determination shall be the maximum amount sufficient for any settlement of outstanding Spot or Forwards engaged in or entered into with the Borrower.

(f) The Borrower agrees that Lender's internal books and records, and any other documents required by Lender to evidence such indebtedness shall be conclusive evidence (absent manifest error) with respect to all repayments and repayment dates and of the Borrower's indebtedness to Lender under the Foreign Exchange Subfacility.

(g) The Borrower hereby unconditionally agrees to indemnify the Lender and hold the Lender harmless from any and all losses, claims or liabilities arising from any transactions or occurrences relating to the Foreign Exchange Subfacility, including any loss or claim due to any action taken or omitted by any third party which is not an Affiliate of the Lender. The Borrower's unconditional obligation to the Lender shall not be modified or diminished for any reason or in any amount whatsoever. The Borrower agrees that any action taken by the Lender in connection with the Foreign Exchange Subfacility, if taken in good faith, shall be binding upon the Borrower and shall not impose any resulting liability on the Lender. The Borrower specifically acknowledges and agrees that all transactions hereunder shall be undertaken solely on the order of, and at and for the risk of the Borrower. The Borrower further acknowledges and understands that Lender may engage in similar transactions for its own account or provide similar facilities for its own customers. The Borrower recognizes and acknowledges that Lender may, to the extent permitted by law, engage in transactions and take action for its own account or in the performance of its duties to other customers, which transactions or action may differ from the transactions engaged in, or the action taken (including, without limitation, the timing and nature of such transaction or action) with respect to the Borrower's account. Nothing in this Agreement shall be deemed to impose upon Lender any obligation to cause to be engaged in, for the Borrower's account or the account of any other customer, any transaction which Lender may engage in for its own account or recommend for the account of any other customer.

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4. Conditions Precedent to Borrowing.

4.1. Advance. In addition to any other requirement or condition precedent set forth herein, Lender shall not be required to make the initial advance on any Loan or issue the initial Letter of Credit, unless and until, in the sole discretion of Lender, each of the following conditions shall have been satisfied:

(a) Loan Documents. The Borrower and each other party to any Loan Documents, as applicable, shall have executed and delivered this Agreement, any Interest Rate Swap Agreement, the Letter of Credit Agreement, the Term Note, the Revolving Credit Note, the Guaranty, any subordination agreements, all Forms UCC- 1, the Notes and other required Loan Documents, all in form and substance satisfactory to the Lender.

(b) Opinion of Counsel. The Lender shall have received the opinion of counsel for each of the Borrower and Metro-Tel, as to the transactions contemplated by this Agreement and the Merger Agreement, in form and substance satisfactory to the Lender.

(c) Supporting Documents. The Borrower shall cause to be delivered to the Lender the following documents:

(i) A copy of the Articles or Certificate of Incorporation of Metro-Tel and the Borrower and a good standing

certificate of the Borrower and Metro-Tel, certified by the appropriate official of such corporation's state of incorporation and each state in which such corporation is qualified to do business;

(ii) Bylaws of the Borrower and Metro-Tel, certified by an officer thereof;

(iii) Incumbency certificate and certified resolutions of the board of directors of the Borrower and Metro-Tel authorizing the execution, delivery and performance of the Loan Documents;

(iv) UCC-11 searches and other Lien searches showing no existing Liens on the Collateral other than the Liens of the Lender and Permitted Liens, or except as approved by the Lender in its sole and absolute discretion;

(v) a letter to Borrower's and Metro-Tel's independent accountants, in form and substance satisfactory to the Lender, authorizing such

accountants to disclose information with respect to the Borrower and Metro-Tel to the Lender; and

(vi) a copy of the executed Merger Agreement and all documents and agreements executed in connection therewith, all certified as true and complete copies by an officer of Borrower.

(d) Insurance. The Borrower shall have delivered to the Lender satisfactory evidence of insurance meeting the requirements of Section 5.3.

(e) Perfection of Liens. UCC-1 financing statements executed by the Borrower and Metro-Tel shall have been duly executed and delivered to Lender in a form appropriate for recordation or filing in the manner and places required by law to establish, preserve, protect and perfect the interests and rights created or intended to be created by this Agreement and any other Security Agreement; and all taxes, fees and other charges in connection with the execution, delivery and filing of this Agreement, each Security Agreement and the financing statements shall duly have been paid.

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(f) Landlord's Waivers; Mortgagee's Waivers. The Lender shall have received, in form and content satisfactory to Lender (i) waivers from all lessors that might have landlord's Liens on any Collateral and (ii) waivers from all mortgagees of the Borrower's and Metro-Tel's premises in which any Collateral is located.

(g) Swap Agreement. The Borrower shall have executed and delivered to the Lender the Interest Rate Swap Agreement, if the Borrower desires to do so.

(h) Taxes and Expenses. All taxes, fees and other charges in connection with the execution, recordation, filing, registration and delivery hereof shall have been paid.

(i) Merger. The merger ("Merger") contemplated by the Agreement and Plan of Merger, dated as of July 1, 1998, to which Borrower and Metro-Tel are parties ("Merger Agreement") shall have been consummated in a manner and on terms and conditions satisfactory to Lender.

(j) Commitment Fee and Expenses. Borrower shall pay Lender at closing a (i) commitment fee of \$14,500, (ii) all reasonable costs and expenses incurred by Lender in connection herewith and (iii) a \$450 out-of-state closing fee.

(k) Interim Financial Statements. The most current interim financial statements of Borrower and Metro-Tel shall have been delivered to Lender and shall be satisfactory to Lender.

(l) SEC Filings. All of Metro-Tel's filings with the Securities and Exchange Commission since January 1, 1998 shall have been received by and shall be satisfactory to Lender.

(m) Trade References. Metro-Tel shall have provided such trade and credit references to Lender as Lender shall request, which shall be satisfactory to Lender.

4.2. Conditions Precedent to Each Advance of a Loan or Issuance of a Letter of Credit or Purchasing Forward Exchange. In addition to any other requirement or condition precedent set forth herein, Lender shall not be required to make any advance of any Loan or issue any Letter of Credit or enter into any Spot or Forward transaction unless and until, in the sole discretion of Lender, each of the following conditions shall have been satisfied:

(a) Prior Conditions. At or prior to Closing, Borrower shall have satisfied (i) all conditions precedent set forth in Section 4.1, and (ii) all conditions precedent set forth elsewhere in this Agreement and in any other Loan Document.

(b) Advance Request. Borrower shall have delivered to the Lender an Advance Request and Borrowing Base Certificate and other information, in such form and containing such information as Lender shall request.

(c) No Default. No Default or Event of Default shall have occurred or will occur upon the making of the advance or the issuance of the Letter of Credit in question and Borrower shall have delivered to Lender an officer's certificate to such effect, which may be incorporated in the advance request.

(d) Correctness of Representations and Compliance with Covenants. All representations and warranties made by Borrower and each Guarantor herein or otherwise in writing in connection herewith shall be true and correct in all material respects (except where such representations and warranties are subject to a materiality caveat, in which case they shall be true and correct in all respects, and except where such representations and warranties are made as of a particular date, in which case, they shall be true and correct as of such date) with the same effect as though the representations and warranties had been made on and as of the proposed Advance Date, and Borrower and each Guarantor shall have delivered to Lender an officer's certificate to such effect, which may be incorporated in the Advance Request.

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Borrower and each Guarantor shall have complied in all material respects (except where such covenants are subject to a materiality caveat, in which case they shall have been complied with in all respects) with all of its covenants and agreements set forth in any Loan Document, and Borrower and each Guarantor shall have delivered to Lender an officer's certificate to such effect, which may be incorporated in the Advance Request.

(e) No Injunction, Etc. No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before any court, governmental agency or legislative body to enjoin, restrain, or prohibit, or to obtain damages in respect of, or which is related to or arises out of this Agreement or the consummation of the transactions contemplated hereby, or which, in the Lender's reasonable discretion, would make it inadvisable to consummate any transactions contemplated by this Agreement.

(f) No Adverse Change. There shall have been no material adverse change in the management, business, operations, condition, assets or prospects of the Borrower or Metro-Tel from such condition as it existed on the date of the most recent financial statements of such Person delivered to the Lender prior to the date hereof, and no Material Adverse Effect shall have occurred.

(g) Further Assurances. Borrower shall have delivered such further documentation, opinions, certificates, agreements and assurances as Lender may reasonably require.

4.3. Waiver of Conditions Precedent. If the Lender makes any Loan or issues any Letter of Credit or enters into any Forward or Spot transaction hereunder prior to the fulfillment of any of the conditions precedent set forth in this Section 4, the making of such Loan or the issuance of such Letter of Credit shall constitute only an extension of time for the fulfillment of such condition and not a waiver thereof, and the Borrower shall thereafter fulfill each such condition promptly.

5. Covenants of the Borrower. The Borrower covenants and agrees that from the date hereof and until payment in full of the Indebtedness unless the Lender shall otherwise consent in writing, the Borrower covenants and agrees as follows:

5.1. Use of Loan Proceeds. The proceeds of the Loans shall be used only for the purposes permitted herein and Borrower shall furnish the Lender all evidence that it may require with respect to such use.

5.2. Maintenance of Business and Properties. Borrower and Metro-Tel shall at all times maintain, preserve and protect all Collateral and all the remainder of their respective properties used or useful in the conduct of their respective business, and keep the same in good repair, working order and condition, and from time to time make, or cause to be made, all material needful and proper repairs, renewals, replacements, betterments and improvements thereto so that the business carried on in connection therewith may be conducted properly and in accordance with standards generally accepted in businesses of a similar type and size at all times, and maintain and keep in full force and effect all licenses and permits necessary to the proper conduct of their respective businesses.

5.3. Insurance. Borrower and Metro-Tel shall maintain and pay for insurance upon all Collateral, wherever located, and otherwise covering casualty, hazard, workers' compensation, business interruption, public liability and such other risks (as is customary in the businesses in which Borrower and Metro-Tel are engaged) and in such amounts and with such insurance companies as shall be reasonably satisfactory to the Lender and in compliance with law. The Borrower and Metro-Tel shall deliver such certificates of insurance to the Lender with loss payable endorsements naming the Lender as loss payee thereunder in form reasonably satisfactory to the Lender. Borrower and Metro-Tel shall maintain and pay for insurance in such amount, with such companies and in such form as shall be reasonably satisfactory to the Lender insuring the Borrower and Metro-Tel against any claims, suits, loss or damages suffered by any Person on any property owned or leased by the Borrower and Metro-Tel and against such other casualties and contingencies as is customary in the business in which the Borrower or Metro-Tel is engaged, and deliver such certificates of insurance to the Lender with satisfactory endorsements naming the Lender as additional insured thereunder. Each policy of insurance

shall contain a clause requiring the insurer to give not less than thirty (30) days' prior written notice to the Lender before any cancellation of the policies for any reason whatsoever and a clause that the interest of the Lender shall not be impaired or invalidated by any act or neglect of the Borrower or Metro-Tel or the owner of the property nor by the occupation of the premises wherein such property is located for purposes more hazardous than are permitted by said policy. The Borrower hereby directs all insurers under such policies of insurance on the Collateral to pay all proceeds payable thereunder directly to the Lender following an Event of Default. The Borrower hereby irrevocably makes, constitutes and appoints the Lender (and all officers, employees or agents designated by the Lender) as the Borrower's true and lawful attorney (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of the Borrower on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance; provided, however, that such power shall not be used until after the occurrence of and during the continuation of an Event of Default. Prior to the occurrence of an Event of Default, neither the Borrower nor Metro-Tel will make, settle or adjust any material claim without the prior written consent of the Lender, which consent will not be unreasonably withheld. If the Borrower fails to obtain and maintain any of the policies of insurance or to pay any premium in whole or in part, then the Lender may, at the Borrower's expense, without waiving or releasing any obligation or default by the Borrower

hereunder, procure the same, but shall not be required to do so. All sums so disbursed by the Lender, including attorneys' fees, court costs, expenses and other charges related thereto, shall be payable on demand by the Borrower to the Lender and shall be additional Indebtedness hereunder secured by the Collateral.

5.4. Notice of Default. Borrower shall provide to the Lender immediate notice of (a) the occurrence of a Default or an Event of Default, (b) any material threatened or pending litigation or material changes in existing litigation or any material judgment against it or its assets or any Guarantor or any Guarantor's assets, (c) any material damage or loss to property or material labor controversy with respect to Borrower or any Guarantor, (d) any notice from taxing authorities as to claimed deficiencies or any tax Lien or any notice relating to alleged ERISA violations, (e) any Reportable Event, as defined in ERISA, (f) any rejection, return, offset, dispute, loss or other circumstance reasonably likely to have a material adverse effect on the Collateral (or Lender's Lien or priority therein) or the Borrower or any Guarantor or their respective businesses, operations, conditions, properties or prospects, (g) any loss or threatened loss of material licenses or permits, (h) any notice of any material violation of any law, rule or regulations and (i) the occurrence of any event which is reasonably likely to have a Material Adverse Effect.

5.5. Inspections. Each of Borrower and Metro-Tel shall permit inspections of the Collateral and the records pertaining thereto, at such reasonable times and in such manner as may be reasonably required by the Lender and shall further permit such inspection, review and audits of its other records and its properties (with such frequency and at such times as the Lender may reasonably request) by the Lender as the Lender may reasonably deem necessary or desirable from time to time. The reasonable cost of such audits, reviews and inspections shall be borne by the Borrower.

5.6. Financial Information. Each of Borrower and Metro-Tel shall maintain its books and records in accordance with GAAP and shall furnish to Lender the following periodic information in form reasonably satisfactory to Lender:

(a) Within fifty (50) days after the close of each fiscal quarter, beginning with the current fiscal quarter, consolidated and consolidating balance sheets of the Borrower and Metro-Tel as of the close of such quarter, and consolidated and consolidating statements of income and cash flows (along with supporting schedules and in detail reasonably acceptable to Lender) for such quarter and for that portion of the fiscal year to date then ended, prepared in accordance with GAAP (subject to ordinary course, non-material audit and year-end adjustments), applied on a basis consistent with that of the preceding period or containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by the Chief Financial Officer of the Borrower; and within thirty (30) days after the close of each quarter, beginning with the current quarter, agings of Accounts of Borrower by invoice date (including summary reports as prepared by Borrower) and an inventory listing of Borrower, all in such detail and with such supporting schedules and information as shall be reasonably required by Lender;

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(b) Within one hundred twenty (120) days after the close of each fiscal year of the Borrower and Metro-Tel audited consolidated and consolidating balance sheets of the Borrower and Metro-Tel as of the close of such fiscal year and audited consolidated and unaudited consolidating statements of income and retained earnings and cash flows, for the fiscal year then ended, prepared in accordance with GAAP, applied on a basis consistent with the preceding year or containing disclosure of the effect on financial position or results of operation of any change in the application of accounting principles and practices during the year, and (i) accompanied by a report thereon (from Borrower's or Metro-Tel's existing independent certified public accounting firm or another regional or national accounting firm reasonably acceptable to Lender), containing an unqualified opinion, without scope limitations imposed by the Borrower or Metro-Tel, from such firm, and (ii) within thirty (30) days after delivery of the financial statements required under this subsection (b), a copy of each "management letter", if any, from such accountants to the Borrower or Metro-Tel in connection with such accountants' audit and management-prepared financial projections with respect to next fiscal year, in form and detail reasonably acceptable to Lender, along with such supporting schedules and other

information and certificates as Lender shall reasonably request.

(c) Concurrently with the delivery of the financial statements described in subsection (b) above, a certificate from the firm of independent certified public accountants that in making their examination of the financial statements of the Borrower and Metro-Tel, no knowledge of the occurrence or existence of any Default or any Event of Default, was disclosed by their examination or a statement specifying the nature and period of existence of any such condition or event;

(d) Concurrently with the delivery of the financial statements described in subsections (a) and (b) above, a certificate from the Chief Financial Officer of the Borrower certifying to the Lender on behalf of Borrower that to the best of his knowledge, each of the Borrower and Metro-Tel has kept, observed, performed and fulfilled each and every covenant, obligation and agreement binding upon the Borrower or Metro-Tel contained in this Agreement and the other Loan Documents, and that no Default or Event of Default has occurred or specifying any such Default or Event of Default, together with financial covenant compliance worksheet, in form satisfactory to the Lender, reflecting the computation of the financial covenants set forth in Section 5.25 hereof as of the end of the period covered by such financial statements;

(e) Upon the Lender's written request, such other information about the Collateral or the financial condition and operations of the Borrower as the Lender may from time to time reasonably request. The Lender may reasonably require more frequent rendering of the reports and certificates described in (a) through (d) above.

(f) Simultaneously with filing thereof with any governmental authority, Borrower shall deliver to Lender copies of Borrower's and Metro-Tel's federal, state and local income tax returns, as applicable.

(g) Within 45 days after the close of each month, beginning with the current month, a Borrowing Base Certificate substantially in the form of Exhibit A ("Borrowing Base Certificate"), along with the latest month-end accounts receivable aging report and within 45 days after the close of each quarter beginning with the current quarter, a current inventory listing, in each case certified as true and correct by Borrower's Chief Financial Officer.

(h) Within two Business Days after any report or filing is made with the Securities and Exchange Commission by Metro-Tel, a copy of such report or filing.

(i) Within two Business Days after any written communication is sent to Metro-Tel's shareholders, a copy of such correspondence.

5.7. Year 2000 Compatibility. Borrower and Metro-Tel shall take all action necessary to assure that Borrower's and Metro-Tel's computer-based systems are able to operate and effectively process data including dates on and after January 1, 2000. At the request of Lender, Borrower shall provide Lender assurance acceptable to Lender of Borrower's and Metro-Tel's year 2000 compatibility.

5.8. Liens. Neither Borrower nor Metro-Tel shall create or permit to exist any Liens on any of the Collateral, except Permitted Liens.

5.9. Redemptions. Neither Borrower nor Metro-Tel shall purchase, redeem or otherwise acquire any stock or other equity interests; and neither of them shall declare or pay any dividend or distribution that would be reasonably likely to cause Borrower to not comply at any time with Section 5.25.

5.10. Merger, Sale, Etc. Each of Borrower and Metro-Tel shall maintain its corporate existence, good standing and necessary qualifications to do business, and shall not, except as expressly agreed to by Lender in writing, (i) merge or consolidate with or into any Person or acquire all or substantially all of the assets of, or any equity interest of, any Person, (ii) permit any Person to transfer to it, directly or indirectly, any of its issued and outstanding stock or securities (except as permitted in Section 5.11), or (iii) permit the sale, lease, assignment or other disposition of any Collateral or any

of its or Metro-Tel's other assets (other than sales of obsolete or worn-out Equipment and sales of Inventory in the ordinary course of business consistent with past practices or other than sales of Equipment for less than \$50,000 in the aggregate in any fiscal year).

5.11. Loans, Guaranties and Other Investments. Neither Borrower nor Metro-Tel shall make or permit to exist any advances or loans to, or guarantee or become contingently liable, directly or indirectly, in connection with the obligations, leases, stock or dividends of, or own, purchase or make any commitment to purchase any stock, bonds, notes, debentures or other securities of, or any interest in, or make any capital contributions to (all of which are sometimes collectively referred to herein as "Investments"), any Person except for (a) purchases of direct obligations of the federal government, (b) deposits in commercial banks, (c) commercial paper of any U.S. corporation having at least an A rating by Moody's Investors Service, Inc. or Standard & Poor's Corporation, (d) endorsement of negotiable instruments for collection in the ordinary course of business, (e) advances in the ordinary course of the Borrower's and Metro-Tel's business not in the aggregate in excess of \$50,000, or (f) overnight bank repurchase agreements.

5.12. Change in Business. Neither Borrower nor Metro-Tel shall, except as expressly agreed to in writing by Lender, enter into any business which is substantially different from the business or businesses in which it is presently engaged.

5.13. Accounts. Neither Borrower nor Metro-Tel shall sell, assign or discount any of its Accounts or Chattel Paper or any promissory notes held by it other than the discount of such notes in the ordinary course of business for collection; and Borrower shall notify Lender promptly in writing of any discount, offset or other deductions not shown on the face of an Account of Borrower or Metro Tel invoice in excess of \$50,000 and any dispute over any Account in excess of \$50,000, and any information known to Borrower relating to any material adverse change in any Account Debtor's financial condition or ability to pay its obligations.

5.14. Transactions with Affiliates. Except as set forth on Schedule 5.14, neither Borrower nor Metro-Tel shall, directly or indirectly purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, in the ordinary course of business or otherwise, any Affiliate; provided, however, that any acts or transactions prohibited by this Section 5.14 may be performed or engaged in, after written notice to the Lender, if upon terms not less favorable to the Borrower than if no such Affiliate relationship existed.

5.15. No Change in Name or Offices; Removal of Collateral. Neither Borrower nor Metro-Tel shall, (a) change its name or the location of its chief executive office or other office where books or records are kept or (b) permit any Inventory or other tangible Collateral to be located at any location other than as specified on Schedule 2.9.

5.16. No Sale, Leaseback. Neither Borrower nor Metro-Tel shall enter into any sale-and-leaseback or similar transaction.

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5.17. Margin Stock. Neither Borrower nor Metro-Tel shall use any proceeds of any Loan to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of Federal Reserve System) or extend credit to others for the purpose of purchasing or carrying any margin stock.

5.18. Payment of Taxes, Etc. Neither Borrower nor Metro-Tel shall pay before delinquent all of its debts and taxes except that the Lender shall not unreasonably withhold its consent to nonpayment of taxes being actively contested in good faith and in accordance with law (provided that the Lender may require bonding or other assurances of any amount in excess of \$50,000).

5.19. Comply with ERISA. Each of Borrower and Metro-Tel shall at all times make prompt payment of contributions required to meet the minimum funding standards set forth in ERISA with respect to any employee benefit plan;

promptly after the filing thereof, furnish to the Lender copies of any annual report required to be filed under ERISA in connection with each employee benefit plan; not withdraw from participation in, permit the termination or partial termination of, or permit the occurrence of any other event with respect to any employee benefit plan that could result in liability to the Pension Benefit Guaranty Corporation; notify the Lender as soon as practicable of any Reportable Event and of any additional act or condition arising in connection with any employee benefit plan which the Borrower believes might constitute grounds for the termination thereof by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States district court of a trustee to administer such plan; and furnish to the Lender upon the Lender's request, such additional information about any employee benefit plan as may be reasonably requested.

5.20. Compliance; Hazardous Materials. Except as disclosed on Schedule 2.17, each of Borrower and Metro-Tel shall comply with all laws, regulations, ordinances and other legal requirements, specifically including, without limitation, ERISA, all securities laws and all laws relating to hazardous materials and the environment. Neither Borrower nor Metro-Tel shall engage in the storage, manufacture, disposition, processing, handling, use or transportation of any hazardous or toxic materials, not in compliance with applicable laws and regulations.

5.21. Subsidiaries. Neither Borrower nor Metro-Tel shall acquire or form any Subsidiary.

5.22. Compliance with Assignment Laws. Each of Borrower and Metro-Tel shall, if reasonably required by the Lender, comply with the Federal Assignment of Claims Act and any other applicable law relating to assignment of government contracts and Accounts arising from the performance thereof.

5.23. Further Assurances. Each of the Borrower and Metro-Tel shall take such further action and provide to the Lender such further assurances as may be reasonably requested by the Lender to ensure compliance with the intent of this Agreement and the other Loan Documents.

5.24. Withholding Taxes. Each of Borrower and Metro-Tel shall pay as and when due all employee withholding, FICA and other payments required by federal, state and local governments with respect to wages paid to employees.

5.25. Financial Covenants. Borrower and Metro-Tel shall at all times be in compliance with the following financial covenants:

(a) Debt Service Coverage Ratio. As of the last day of each fiscal year of Borrower and Metro-Tel, Borrower shall not permit the ratio of (i) the sum of consolidated net income after tax for the fiscal year then ended plus consolidated depreciation and amortization for the fiscal year then ended less dividends declared or paid by Metro-Tel for the fiscal year then ended to (ii) current maturities of long-term debt (including capitalized leases and excluding Revolving Loans) to be less than 1.25 to 1.0.

(b) Leverage. Borrower shall not, at any time, permit the ratio of Consolidated Total Liabilities to Consolidated Tangible Net Worth, to exceed 2.0 to 1.0.

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5.26. Lender Account. Borrower shall, at all times, maintain with Lender its primary operating and depository account including cash management accounts.

5.27. Fiscal Year; Accounting Method. Neither Borrower nor Metro-Tel shall change its fiscal year, or change its method of accounting to a method inconsistent with current practices (except for the change of Borrower's fiscal year to that of Metro-Tel's after written notice thereof to Lender).

5.28. Default on Other Obligations. Neither Borrower nor Metro-Tel shall default on any material contract or obligation to any other Person nor shall either of them default in the timely and due performance of any material obligation to any other Person relating to indebtedness for borrowed money.

5.29. SEC Filing. Metro-Tel shall timely file with the

Securities and Exchange Commission all filings and reports required by Sections 12 and 15 of the Securities Act of 1933, as amended, and under applicable law in order for it to continue to be a public company, and no such filings and reports will contain any untrue statement of a material fact or omit a material fact necessary to make the statement made therein not misleading.

5.30. Compliance with Laws. Borrower and Metro-Tel shall, in all material respects, at all times operate their business in accordance with (and otherwise be in material compliance with) all applicable laws, rules and regulations.

5.31. Merger Agreement. Without Lender's prior written consent, neither Borrower nor Metro-Tel shall amend or otherwise modify the Merger Agreement.

5.32. Chattel Paper. Neither Borrower nor Metro-Tel nor any of their customers shall execute any security agreement, note or other instrument, agreement or document evidencing or securing any sale by Borrower or Metro-Tel, unless such security agreement, note or other instrument, agreement or document constitutes Chattel Paper; and none of Borrower's or Metro-Tel's Accounts or other receivables shall be represented by any security agreement, note or other instrument, agreement or document unless it is Chattel Paper.

6. Default.

6.1. Events of Default. Each of the following shall constitute an Event of Default:

(a) Any representation or warranty made by the Borrower or any Guarantor in any Loan Document or in any certificate or report furnished in connection herewith or therewith shall have been untrue or incorrect in any material respect when made; or

(b) There shall occur any failure by the Borrower or any Guarantor in the payment, when due, of any principal of or interest on any Note, or under any other Loan Document; or Borrower shall fail to pay on demand any returned or dishonored draft, check or other item which has been presented to Lender and for which Borrower has received provisional credit; or

(c) There shall occur (i) any default by the Borrower or any Guarantor in the performance of any agreement, covenant or obligation contained in this Agreement or any other Loan Document not provided for elsewhere in this Section 6.1 and such Default or other default is not cured within seven Business Days of notice from Lender, or (ii) a "Potential Event of Default" or "Event of Default", as such terms are defined in the Interest Rate Swap Agreement, if an Interest Rate Swap Agreement has been executed; or

(d) The Borrower or any Guarantor shall be in default under any Debt owed to any other obligee in an amount in excess of \$50,000, which default entitles the obligee to accelerate any such Debt or exercise other remedies with respect thereto; or

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(e) The Borrower or any Guarantor shall (i) voluntarily liquidate or terminate operations or apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of Borrower or any Guarantor or of all or of a substantial part of its assets, (ii) admit in writing its inability, or be generally unable, to pay its debts as the debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under any federal bankruptcy law (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(f) Without its application, approval or consent, a proceeding shall be commenced and remain undismissed or unstayed for more than 60 days, in any court of competent jurisdiction, seeking, in respect of the Borrower or any Guarantor, any remedy under any federal bankruptcy law, or any law pertaining to liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debt, or seeking the appointment of a trustee, receiver, liquidator or the like with respect to the Borrower or any Guarantor,

or any of its assets or other like relief under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or

(g) Any Lien of the Lender hereunder or under any other Security Agreement shall not constitute a perfected first priority Lien in the Collateral thereby encumbered, subject only to Permitted Liens; or

(h) A judgment, writ of garnishment or attachment in excess of \$50,000 shall be rendered against the Borrower or any Guarantor or any of its assets and shall remain undischarged, undismissed and unstayed for more than 20 days; or

(i) The Borrower or any Guarantor is enjoined, restrained or in any way prevented by the order of any court or governmental entity from conducting any material part of its business; or

(j) The Borrower or any Guarantor shall cease to be Solvent, or ceases to conduct any material part of its business as now conducted; or

(k) There shall occur any Material Adverse Effect; or

(l) A notice of lien, levy or assessment is filed of record with respect to all or any portion of the Borrower's or any Guarantor's assets by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipal or other governmental agency, or if any taxes or debts in excess of \$50,000 owing at any time or times hereafter to any one of them becomes a Lien upon the Collateral or any other asset of the Borrower or any Guarantor and the same is not dismissed, released, discharged, or bonded in a manner satisfactory to Lender within 10 days after the same becomes a Lien or, in the case of ad valorem taxes, prior to the last day when payment may be made without penalty; or

(m) Any of the Loan Documents for any reason ceases to be in full force and effect or is declared to be null and void, or the Borrower or any Guarantor denies that it has any further liability (including, but not limited to any full or partial repudiation or revocation of any Guaranty) under any Loan Document to which it is a party, or gives notice to such effect; or

(n) The loss, suspension or revocation of, or failure to renew, any material license or permit now held or hereafter acquired by the Borrower or any Guarantor; or

(o) The occurrence of any of the following events:
(i) the happening of a Reportable Event with respect to any profit sharing or pension plan of the Borrower or any Guarantor governed by ERISA which has a Material Adverse Effect; (ii) the termination of any such plan which has a Material Adverse Effect; (iii) the appointment of a trustee by an appropriate United States District Court to administer any such plan; or (iv) the institution of any

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proceedings by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee to administer any such plan;

(p) The occurrence of any material casualty or damage to Collateral; or

(q) William Steiner and Michael Steiner shall fail to own (beneficially and of record) in the aggregate, at least 51% of each outstanding class and series of Metro-Tel's equity securities (including all securities convertible into equity securities); or any Person other than Metro-Tel shall own (beneficially or of record) any of Borrower's equity securities (including all securities convertible into equity securities).

6.2. Acceleration of the Indebtedness. Without in any way limiting the right of the Lender to demand payment of any portion of the Indebtedness (a) upon and after an Event of Default (other than an Event of

Default specified in Subsections 6.1(e) or (f)), all of the Indebtedness may, at the option of the Lender, and without notice or legal process of any kind, be declared, and immediately shall become, due and payable, and (b) Borrower upon and after the occurrence of an Event of Default specified in Subsections 6.1(e) or (f), all of the Indebtedness shall automatically become due and payable, without demand, notice or legal process of any kind, anything in any Note or other instrument or document evidencing any such Indebtedness or in the Loan Documents or in any other agreement to the contrary notwithstanding. If any Default or Event of Default occurs, Lender shall have no obligation to make any additional advances of Loans or issue or accept additional Letters of Credit or enter into any further Spot or Forward transactions.

6.3. Default Rate. Upon the occurrence and during the continuation of an Event of Default, all of the Indebtedness shall bear interest at the Default Rate.

6.4. Rights and Remedies. Upon and after the occurrence of any Event of Default, the Lender shall have, in addition to all other rights and remedies which the Lender may have under this Agreement, the other Loan Documents, and applicable law, the following rights and remedies, all of which may be exercised with or without further notice to the Borrower: (a) all of the rights and remedies of a secured party under applicable law; (b) to foreclose the Liens created under this Agreement and the other Loan Documents or under any other agreement relating to the Collateral, by any available judicial procedure or without judicial process; (c) to enter any premises where the Collateral may be located, through self-help and without judicial process, without first obtaining a final judgment or giving the Borrower notice and opportunity for a hearing on the validity of the Lender's claim, for the purpose of taking possession or removing the same; and/or (d) to sell, assign, lease, or otherwise dispose of the Collateral or any part thereof, either at public or private sale, in lots or in bulk, for cash, on credit or otherwise, with or without representations or warranties, and upon such terms as shall be acceptable to the Lender, in its sole discretion, and the Lender may bid or become the purchaser at any such public sale, free from any right of redemption which is hereby expressly waived by the Borrower, and the Lender shall have the option to apply or be credited with the amount of all or any part of the Indebtedness against the purchase price bid by the Lender at any such sale. The Borrower agrees that the Lender has no obligation to preserve rights to the Collateral against prior Persons or to marshal any Collateral for the benefit of any Person. The Lender is hereby granted a license or other right to use, without charge, the Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and the Borrower's rights under all licenses and franchise agreements shall inure to the Lender's benefit; and in each instance, Lender shall only utilize such license after the occurrence of an Event of Default. In addition, the Borrower agrees that in the event notice is necessary under applicable law, written notice mailed to the Borrower in the manner specified herein five days prior to the date of public sale of any of the Collateral or prior to the date after which any private sale or other disposition of the Collateral will be made shall constitute commercially reasonable notice to the Borrower. Upon the occurrence of an Event of Default, the Lender shall also have the right to seek the appointment of a receiver to take possession of and operate and dispose of Borrower's assets. The Lender may, at any time during the continuance of an Event of Default, and at Borrower's expense, employ and maintain custodians at the Borrower's premises who shall have full authority to protect Lender's interests. Upon the occurrence and during the continuation of an Event of Default, the Borrower authorizes the Lender to collect

and set-off and apply against the Indebtedness when due any cash or deposit accounts in its possession, and any refund of insurance premiums or any insurance proceeds payable on account of the loss or damage to any of the Collateral and irrevocably appoints the Lender as its attorney-in-fact to endorse any check or draft or take other action necessary to obtain such funds. All or any part of the Collateral may be liquidated and sold by Lender for failure of Borrower to pay any of the Indebtedness, regardless of whether any of the Loans have been accelerated or whether the Interest Rate Swap Agreement has been terminated early. Notwithstanding anything to the contrary set forth herein, Collateral may be liquidated upon Borrower's failure to pay any

Indebtedness on a timely basis, whether or not any acceleration has occurred or the Interest Rate Swap Agreement has been terminated early.

6.5. Application of Proceeds. After an Event of Default, the net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral shall be applied first to the expenses (including all reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Indebtedness. The Borrower irrevocably waives the right to direct the application of any and all payments and collections at any time or times hereafter received by the Lender from or on behalf of the Borrower, and the Borrower does hereby irrevocably agree that the Lender shall have the continuing exclusive right to apply and to reapply any and all such payments and collections received at any time or times hereafter by the Lender or its agent against the Indebtedness which is due and payable at the time of such application, in such manner as the Lender, in its sole discretion, may determine, notwithstanding any entry by the Lender upon any of its books and records. The Borrower shall be liable to the Lender and shall pay to the Lender on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral. The Lender shall remit to the Borrower or the Person entitled thereto any surplus remaining after all Indebtedness have been paid in full. If any of the Collateral shall require repairs, maintenance, preparation or the like, or is in process or other unfinished state, the Lender shall have the right, but shall not be obligated to perform such repairs, maintenance, preparation, processing or completion of manufacturing for the purpose of putting the same in such saleable form as the Lender shall deem appropriate, but the Lender shall have the right to sell or dispose of the Collateral without such processing. The Borrower will, at the Lender's request, assemble all the Collateral and make it available to the Lender at places which the Lender may select, whether at premises of the Borrower or elsewhere, and will make available to the Lender all premises and facilities of the Borrower for the purpose of the Lender's taking possession of the Collateral or of removing or putting the Collateral in saleable form.

6.6. Appointment of the Lender as the Borrower's Lawful Attorney. The Borrower hereby irrevocably designates, makes, constitutes and appoints the Lender (and all Persons designated by the Lender) as the Borrower's true and lawful attorney (and agent-in-fact) and the Lender, or the Lender's agent, may, upon and after the occurrence and during the continuation of an Event of Default, in the Borrower's or the Lender's name: (i) exercise all of the Borrower's rights and remedies with respect to the Accounts and the other Collateral; (ii) take control, in any manner, of any item of payment or proceeds; (iii) prepare, file and sign the Borrower's name on a proof of claim in bankruptcy or similar document against any Account Debtor; (iv) do all acts and things necessary, in the Lender's sole discretion, to fulfill the Borrower's obligations under this Agreement; (v) endorse the name of the Borrower upon any of the items of payment or proceeds referred to herein and deposit the same to the account of the Lender on account of the Indebtedness; (vi) endorse the name of the Borrower upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to the Accounts or Inventory; (vii) use the Borrower's stationery and sign the name of the Borrower to verifications of the Accounts and notices thereof to Account Debtors; and (viii) use the information, recorded on or contained in any data processing equipment and computer hardware and software relating to the Accounts and Inventory to which the Borrower has access. All acts of the Lender or its designee, except the Lender's or its designees' acts of gross negligence or willful misconduct, taken pursuant to this Section 6.6 are hereby ratified and confirmed and the Lender or its designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or law.

6.7 Collections; The Lender's Right to Notify Account Debtors and to Endorse Borrower's Name. Borrower hereby authorizes Lender (1) upon the occurrence and during the continuation of a Default or an Event of

Default, to open Borrower's mail and collect any and all amounts due to Borrower from Account Debtors; (2) after the occurrence and during the continuation of a Default or an Event of Default, notify any or all Account Debtors that the Accounts have been assigned to Lender and that Lender has a security interest therein; and (3) after the occurrence and during the continuation of a Default

or an Event of Default, direct such Account Debtors to make all payments due from them to Borrower upon the Accounts directly to Lender or to a lock box designated by Lender. Lender shall promptly furnish Borrower with a copy of any such notice sent and Borrower hereby agrees that any such notice may be sent on Borrower's stationery, in which event Borrower shall co-sign such notice with Lender. Borrower irrevocably makes, constitutes and appoints Lender (and all Persons designated by Lender for that purpose) as Borrower's true and lawful attorney (and agent-in-fact) to endorse Borrower's name on any checks, notes, drafts or any other payment relating to and/or proceeds of the Collateral which come into either Lender's possession or control.

7. Security Agreement; Collateral.

7.1. Security Interest.

(a) As security for the payment and performance of any and all of the Indebtedness and the performance of all other obligations and covenants of the Borrower hereunder and under the other Loan Documents, absolute or contingent, now existing or hereafter arising, which are now, or may at any time or times hereafter be owing by the Borrower to the Lender, the Borrower hereby pledges to the Lender and gives and grants the Lender a continuing and general security interest in and Lien upon and right of set-off against, all right, title and interest of the Borrower in and to the Borrower Collateral, whether now owned or hereafter acquired by the Borrower; provided, however, that notwithstanding anything to the contrary set forth herein, no Indebtedness shall be secured by any real property.

(b) At the Lender's request, the Borrower shall cause the execution and delivery to the Lender, in form and substance reasonably satisfactory to the Lender, of all such agreements, documents, financing statements and other writings reasonably requested by the Lender to perfect and maintain the perfection and priority of its security interests in and Liens on the Borrower Collateral and to consummate the other transactions contemplated hereby, and the Borrower shall pay all filing fees and documentary stamp, intangible and similar taxes in connection therewith. The Borrower irrevocably designates the Lender as its attorney-in-fact to effectuate the foregoing.

(c) Except as herein or by applicable law otherwise expressly provided, the Lender shall not be obligated to exercise any degree of care in connection with any Borrower Collateral, to take any steps necessary to preserve any rights in any of the Borrower Collateral or to preserve any rights therein against prior parties. No segregation or specific allocation by the Lender of specified items of Borrower Collateral against any liability of the Borrower shall waive or affect any Lien against other items of Borrower Collateral or any of the Lender's options, powers or rights under this Agreement or otherwise arising.

(d) All collateral which the Lender may at any time acquire from any other source as security for the payment of any Indebtedness shall constitute cross-collateral for all Indebtedness without apportionment or designation as to particular Indebtedness, and all Indebtedness shall be secured by all such collateral; and the Lender shall have the right, in its sole discretion, to determine the order in which its rights in or remedies against such collateral are to be exercised and which types or portions of the collateral are to be proceeded against and the order of application of proceeds of Borrower Collateral against particular Indebtedness; provided, however, that notwithstanding anything to the contrary set forth herein, no Indebtedness shall be secured by any real property.

7.2. Inspection of Collateral. The Borrower hereby irrevocably consents to any act by the Lender or its agents in entering upon any premises for the purposes of either (i) following reasonable prior notice to Borrower inspecting the Collateral and making extracts from and copies of any books and records relating thereto during regular business hours or (ii) taking possession of the Collateral at any time following the occurrence and during the continuation of an Event of Default; and the Borrower hereby waives its right to assert against the Lender or its agents any claim based upon trespass or any similar cause of action for entering upon any premises where the Collateral may be located.

Borrower irrevocably consents to the Lender's requesting information pertaining to the Borrower from any Person and to the Lender's verifying such or any other information pertaining to the Borrower, including, but not limited to the amount, quality, existence, quantity, value and condition of any Account or any other Collateral.

7.3. Other Rights. The Borrower authorizes the Lender without affecting either the Borrower's or the Lender's obligations hereunder or under any other Loan Document from time to time to take from any party and hold additional collateral or guaranties for the payment of the Indebtedness or any part thereof, and to exchange, enforce, substitute or release such collateral or guaranty of payment of the Indebtedness or any part thereof and to release or substitute any endorser or guarantor or any party who has given any Lien on any collateral as security for the payment of the Indebtedness or any part thereof or any party in any way obligated to pay the Indebtedness or any part thereof.

7.4. Tangible Collateral; Inventory. No Inventory, Equipment or other tangible Borrower Collateral shall be commingled with, or become an accession to or part of, any property of any other Person so long as such property is Collateral. No tangible Borrower Collateral is or shall be allowed to become a fixture. No tangible Collateral shall be stored with any warehouseman, bailee or similar party.

7.5. The Lender's Payment of Claims Asserted Against the Collateral. In the event a Lien, other than a Permitted Lien, is asserted by any Person against the Collateral and if the Lender has given Borrower five days' prior written notice and Borrower has failed to either (i) satisfy the Lien or (ii) cause the Lien to be transferred to a bond acceptable to the Lender, then the Lender may at any time after such five-day period in its discretion without waiving or releasing any obligation, liability or duty of the Borrower under this Agreement, the other Loan Documents or any Default or Event of Default, pay, acquire and/or accept an assignment of such Lien. All sums paid by the Lender in respect thereof and all costs, fees and expenses, including, without limitation, attorneys' fees, court costs, expenses and other charges relating thereto, which are incurred by the Lender on account thereof, shall be payable, upon demand, by the Borrower to the Lender and shall be additional Indebtedness hereunder secured by the Collateral.

8. Term of Agreement.

8.1. Term and Right to Terminate. Subject to the other provisions herein, the provisions of this Agreement shall continue in full force and effect until January 2, 2002 (the "Term"). Notwithstanding any term herein to the contrary or any other term in any of the other Loan Documents, the Borrower and the Lender agree that all Indebtedness hereunder shall be payable in accordance with Section 3. Notwithstanding any provision to the contrary set forth in any Loan Document, the Lender may terminate the financing arrangements under this Agreement and the Notes at any time, upon notice to Borrower but without legal process of any kind, upon the occurrence and during the continuation of an Event of Default; provided, however, that the Lender shall retain the right to payment of the Indebtedness in accordance with Section 3.

8.2. Effect of Termination. Without limiting the generality of the other provisions regarding Default and acceleration hereunder, upon the effective date of termination, all Indebtedness to the Lender, whether or not incurred under this Agreement (and notwithstanding any term of any other Loan Document), shall become immediately due and payable, including, but not limited to, all Indebtedness (contingent or otherwise) with respect to any Interest Rate Swap Agreement and all Letters of Credit and Forward and Spot transactions. Notwithstanding any provision to the contrary in any Loan Document, and notwithstanding any such termination, the obligations of the Borrower and the rights, remedies and Liens of the Lender hereunder and under each Loan Document shall remain in full force and effect until the Indebtedness is indefeasibly and finally paid and discharged in full and all Letters of Credit and Forward and Spot transactions and the Interest Rate Swap Agreement have been terminated or canceled and Lender is released from all liability in connection therewith; provided, however, that Lender shall promptly release its Liens in the Collateral upon the indefeasible and final payment and discharge in full of all Indebtedness.

9. Miscellaneous.

9.1. Rights and Remedies Cumulative; Non-Waiver; Etc. The enumeration of the Lender's rights and remedies set forth in this Agreement is not intended to be exhaustive and the exercise by the Lender of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder, under the Loan Documents or under any other agreement to which the Borrower or any Guarantor and the Lender are now or hereafter become parties, or which may hereafter exist in law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Borrower or any Guarantor and the Lender or the Lender's employees shall be effective to change, modify or discharge any provision of this Agreement or to constitute a waiver of any Event of Default. The Lender shall not, under any circumstances or in any event whatsoever, have any liability for any error, omission or delay of any kind occurring in the liquidation of the Collateral or for any damages resulting therefrom except damages directly attributable to the Lender's gross negligence or willful misconduct.

9.2. Survival of Representations; Reinstatement of Indebtedness. All covenants, agreements, representations and warranties made by Borrower or any Guarantor in connection herewith shall survive the making of the Loans hereunder and the delivery of the Notes, and shall continue in full force and effect so long as any Indebtedness is outstanding. The Borrower further agrees that to the extent that the Borrower makes a payment or payments to the Lender, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy, insolvency or similar state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, the Indebtedness or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been received by the Lender.

9.3. Expenses; Indemnification. Whether or not the transactions contemplated by this Agreement shall be consummated, the Borrower will pay or reimburse the Lender upon demand for all reasonable expenses (including, without limitation, reasonable attorneys' and paralegals' fees, costs and expenses) incurred or paid by the Lender in connection with: (a) the preparation, execution and delivery of this Agreement or the other Loan Documents; (b) charges for examiners, auditors or similar Persons whom the Lender may engage with respect to rendering opinions concerning the Borrower's or Metro-Tel's financial condition and the condition and value of the Collateral in accordance with the terms hereof; (c) any arbitration, litigation, contest, dispute, suit, proceeding, enforcement or action (whether instituted by the Lender or the Borrower or any other Person) in any way relating to the Collateral, this Agreement or the other Loan Documents, or the Borrower's or Metro-Tel's business or affairs; (d) any attempt to enforce any rights of the Lender against the Borrower or any other Person which may be obligated to the Lender by virtue of this Agreement or the other Loan Documents, including without limitation, the Account Debtors; (e) any attempt to inspect, verify, protect, collect, sell, liquidate or otherwise dispose of the Collateral in accordance with the terms hereof; (f) the filing and recording of all documents required by the Lender to perfect the Lender's Liens in the Collateral, including without limitation, any documentary stamp tax or any other taxes incurred because of such filing or recording; (g) all costs incurred in connection with any lockbox; and (h) all costs of modifying or amending any Loan Document. The Borrower shall indemnify and hold the Lender harmless from and against any and all finder's or brokerage fees and commissions which may be payable in connection with the transactions contemplated by this Agreement other than any fees or commissions of finders or brokers engaged by the Lender. If the Borrower should fail to pay any tax or other amount required by this Agreement to be paid or which may be necessary to protect or preserve any Collateral or the Borrower's or Lender's interests therein, the Lender may make such payment and the amount thereof shall be payable on demand, shall bear interest at the Default Rate from the date of demand until paid and shall be deemed to be Indebtedness entitled to the benefit and security of the Loan Documents. In addition, the Borrower agrees to pay and save the Lender harmless against any liability for payment of any state documentary stamp taxes, intangible taxes or similar taxes (including interest

or penalties, if any) and fees which may now or hereafter be determined to be payable with respect to the execution, delivery or recording of any Loan Document or the making of any Advance, whether originally thought to be due or not, and regardless of any mistake of

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fact or law on the part of the Lender or the Borrower with respect to the applicability of such tax or fee. The provisions of this Section 9.3 shall survive payment in full of the Loans and termination of this Agreement.

9.4. Notices. Any notice or other communication hereunder to any party hereto shall be by hand delivery, facsimile transmission, nationally recognized overnight courier for next business day delivery or registered or certified mail and unless otherwise provided herein shall be deemed to have been received when delivered personally or three days after deposit in such mail or with such courier postage prepaid, addressed to the party at its address specified below (or at any other address that the party may hereafter specify to the other parties in writing):

The Lender: First Union National Bank
Portfolio Management Group
4299 N.W. 36th Street, 4th Floor
Miami Springs, Florida 33166
Fax: (305) 883-4198

With a copy to: Stearns Weaver Miller Weissler
Alhadeff & Sitterson, P.A.
Suite 2200
150 West Flagler Street
Miami, Florida 33130
Attention: Carl D. Roston, Esquire
Fax: (305) 789-3395

The Borrower: Steiner-Atlantic Corp.
290 NE 68th Street
Miami, Florida 33138
Fax: (305) 751-4903
Attn: President

With a copy to: Harold Berritt, Esq.
Greenberg Traurig
1221 Brickell Avenue
Miami, Florida 33131
Fax:(305) 579-0717

9.5. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Borrower and the Lender, and their respective successors and assigns; provided that the Borrower may not assign any of its rights or duties hereunder without the prior written consent of the Lender and any such assignment made without such consent will be void. Nothing in this Agreement or any other Loan Document shall prohibit or restrict Lender from pledging or assigning the Loan Documents, including the Collateral, to any Federal Reserve Bank in accordance with applicable law.

9.6. Counterparts; Construction; Gender. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute but one and the same instrument. Any telecopied version of a signature shall be deemed a manually executed and delivered original. This Agreement shall be construed without any presumption that it be construed against the party causing it to be drafted. All references in this Agreement or any of the other Loan Documents to the masculine, feminine or neuter gender shall include all such genders unless the context clearly indicates otherwise. Each representation, warranty, covenant and agreement set forth in any

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Loan Document shall be construed independently. The parties acknowledge that a

Default or an Event of Default shall be deemed continuing until cured, as determined by Lender in accordance with this Agreement or any other Loan Document.

9.7. Powers. All powers of attorney granted to the Lender are coupled with an interest and are irrevocable until all indebtedness is irrevocably paid in full and Lender has no further obligations hereunder.

9.8. Approvals. If this Agreement calls for the approval or consent of the Lender, such approval or consent may be given or withheld in the sole credit judgment of the Lender.

9.9. Indemnification of the Lender. From and at all times after the date of this Agreement, and in addition to all of the Lender's other rights and remedies against the Borrower, the Borrower agrees to hold the Lender harmless from, and to indemnify the Lender against, all losses, damages, costs and expenses (including, but not limited to, reasonable attorneys' and paralegals' fees, costs and expenses) incurred or paid by the Lender, whether direct, indirect or consequential, as a result of or arising from or relating to any suit, action or proceeding by any Person, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any Person under any statute or regulation, including, but not limited to, any federal or state securities or tax laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution or performance of, or the financing transactions contemplated by, this Agreement and the other Loan Documents or the Lender's furnishing of funds to the Borrower pursuant to this Agreement; provided, however, that the foregoing indemnification shall not protect the Lender from loss, damage, cost or expense directly attributable to the Lender's willful misconduct or gross negligence. All of the foregoing losses, damages, costs and expenses of the Lender shall be payable by the Borrower upon demand by the Lender, as the case may be, and shall be additional Indebtedness hereunder secured by the Collateral.

9.10. Waivers by the Borrower. Except as otherwise provided for in this Agreement, the Borrower waives (a) presentment, demand and protest and notice of presentment, protest, non-payment, maturity and all other notices; (b) notice prior to taking possession or control of the Collateral or any bond or security which might be required by any court prior to allowing the Lender to exercise any of its remedies; and (c) the benefit of all valuation, appraisal and exemption laws. The Borrower consents to all extensions of time, renewals and postponements of time of payment with respect to any Loan Document from time to time prior to or after the end of the Term or any Default or Event of Default, without notice, consent or consideration to any of the foregoing.

9.11. Lawful Charges; Late Charge. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to the Loans, together with all fees, charges and other amounts which are treated as interest on the Loans under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender in accordance with applicable law, the rate of interest payable in respect of the Loans, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate, and, to the extent lawful, the interest and Charges that would have been payable in respect of the Loans but were not payable as a result of the operation of these provisions shall be cumulated and the interest and Charges payable to the Lender in respect of other Indebtedness or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Adjusted LIBOR Market Index Rate to the date of repayment, shall have been received by the Lender. A late charge of five percent of any payment required hereunder shall be imposed on each and every payment, including the final payment due hereunder, not received by the Lender within 10 days after it is due. The late charge is not a penalty, but liquidated damages to defray administrative and related expenses due to such late payment. The late charge shall be immediately due and payable and shall be paid by the Borrower to the Lender without notice or demand. This provision for a late charge is not and shall not be deemed a grace period, and Lender has no obligation to accept a late payment. Further, the acceptance of a late payment shall not constitute a waiver of any Default or other default then existing or thereafter arising under any Loan Document.

9.12. Amendment. This Agreement and the other Loan Documents cannot be amended, changed, discharged or terminated orally, but only by an instrument in writing signed by the Lender and the Borrower.

9.13. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9.14. Entire Agreement. This Agreement and the other documents, certificates and instruments referred to herein constitute the entire agreement between the parties and supersede and rescind any prior agreements relating to the subject matter hereof. In the event of any conflict between the terms of any other Loan Document and the terms of this Agreement, the terms of this Agreement shall govern.

9.15. Separate Legal Counsel. Each Borrower and each Guarantor has been represented by its own legal counsel (and not that of the Lender) in connection with the negotiation and documentation of the Loan Documents.

9.16. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement and other Loan Documents, irrespective of whether or not the Lender shall have made any demand under this Agreement or such other Loan Documents and although such obligations may be unmatured. The rights of the Lender under this Section 9.16 are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

9.17. Arbitration; Preservation and Limitation of Remedies. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any dispute, claim or controversy arising out of, connected with or relating to this Agreement or any other Loan Documents ("Disputes") between parties to this Agreement shall be resolved by binding arbitration as provided herein. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether a matter is subject to arbitration, claims brought as class actions, claims arising from Loan Documents executed in the future, or claims arising out of or connected with the transaction reflected by this Agreement. Arbitration shall be conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and Title 9 of the U.S. Code. All arbitration hearings shall be conducted in the city in which the office of Lender first stated above is located. The expedited procedures set forth in Rules 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000. All applicable statutes of limitation shall apply to any Dispute. A judgment upon the award may be entered in any court having jurisdiction. The panel from which all arbitrators are selected shall be comprised of licensed attorneys. The single arbitrator selected for expedited procedure shall be a retired judge from the highest court of general jurisdiction, state or federal, of the state where the hearing will be conducted or if such person is not available to serve, the single arbitrator may be a licensed attorney. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to the Interest Rate Swap Agreement. Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party hereto may employ or exercise freely, independently or in connection with an arbitration proceeding or after an arbitration action is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale granted under Loan Documents or under applicable law or by judicial foreclosure and sale, including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and

collection of rents, set-off, and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding; and (iv) when applicable, a judgment by confession of judgment. Preservation of these remedies does not limit the power of an arbitrator to grant similar remedies that may be requested by a party in a Dispute. The parties agree that they shall not have a

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remedy of punitive or exemplary damages against the other in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially.

9.18. Governing Law; Jurisdiction and Venue; Waiver of Jury

Trial. SUBJECT TO THE TERMS OF SECTION 9.17, THIS AGREEMENT SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF FLORIDA. SUBJECT TO THE TERMS OF SECTION 9.17, AS PART OF THE CONSIDERATION FOR NEW VALUE THIS DAY RECEIVED, THE BORROWER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN DADE COUNTY, STATE OF FLORIDA, AND CONSENTS THAT ALL SERVICE OF PROCESS BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO THE BORROWER AT THE ADDRESS STATED IN SECTION 9.4 AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT THEREOF OR THREE DAYS AFTER DEPOSIT IN THE UNITED STATES MAELS, PROPER POSTAGE PREPAID. SUBJECT TO THE TERMS OF SECTION 9.17, EACH OF THE BORROWER AND THE LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. SUBJECT TO THE TERMS OF SECTION 9.17, THE BORROWER WAIVES ANY OBJECTION WHICH THE BORROWER MAY HAVE BASED ON LACK OF JURISDICTION OR IMPROPER VENUE OR FORUM NON CONVENIENS TO ANY SUIT OR PROCEEDING INSTITUTED BY THE LENDER UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS IN ANY STATE OR FEDERAL COURT LOCATED WITHIN DADE COUNTY, FLORIDA AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT. SUBJECT TO THE TERMS OF SECTION 9.17, NOTHING IN THIS SECTION 9.18 SHALL AFFECT THE RIGHT OF THE LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH HAS JURISDICTION OVER THE BORROWER OR ITS PROPERTY. SUBJECT TO THE TERMS OF SECTION 9.17, THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, MAKE THE LOANS AND EXTEND THE OTHER FINANCIAL ACCOMMODATIONS CONTEMPLATED HEREUNDER AND THEREUNDER.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

STEINER-ATLANTIC CORP.

By: /s/ Michael Steiner

Name: Michael Steiner
Title: President

FIRST UNION NATIONAL BANK,
a national banking association

By: /s/ Kathryn McDonald

Name: Kathryn McDonald

Title: SVP

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SCHEDULE 2.9

Any location other than those described below, as to which: (i) Borrower has given Lender 30 days' prior written notice; (ii) all acts have been taken (including, but not limited to, the filing of financing statements and the execution and delivery to Lender of landlords' or mortgagees' waivers in form and substance reasonably acceptable to Lender) to ensure Lender's continued first priority security interest in all Collateral located at such location; and (iii) Borrower and Metro-Tel shall have executed all such documents and agreements as Lender shall have reasonably requested to effectuate clause (ii), above.

EXHIBIT 4.2(b)

GUARANTY AND SECURITY AGREEMENT

THIS GUARANTY AND SECURITY AGREEMENT is dated as of November 2, 1998, from Metro-Tel Corp., a Delaware corporation (the "Guarantor"), in favor of First Union National Bank, a national banking association (the "Lender").

WITNESSETH:

WHEREAS, Steiner-Atlantic Corp., a Florida corporation (the "Borrower"), and Lender have entered into a Loan and Security Agreement dated as of the date hereof (as at any time amended, modified or supplemented, the "Loan Agreement").

WHEREAS, Borrower is a wholly-owned subsidiary of Guarantor and Guarantor will derive direct and indirect economic benefits from the financings to be made by Lender pursuant to the Loan Agreement.

WHEREAS, in connection with the making of the Loans under the Loan Agreement and as a condition precedent thereto, Lender is requiring that Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and the covenants, agreements, terms and conditions contained herein, the parties hereto hereby agree as follows:

SECTION 1 DEFINITIONS.

1.1 Defined Terms. For purposes of this Guaranty, in addition to (i) the terms defined in the Loan Agreement, which shall be used herein as defined therein if not separately defined herein, and (ii) the terms defined elsewhere in this Guaranty, the following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Guaranty" or "this Guaranty" shall include all amendments, modifications and supplements hereto and restatements hereof and shall refer to this Guaranty and Security Agreement as the same may be in effect at the time such reference becomes operative.

1.2 Terms. All other terms contained in this Guaranty shall, when the context so indicates, have the meanings provided for by the Code to the extent the same are used or defined therein.

SECTION 2 THE GUARANTY

2.1 Guaranty of Indebtedness of Borrower. The Guarantor hereby unconditionally guarantees to Lender, and its successors, endorsees, transferees and assigns, the prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of the Indebtedness. Guarantor agrees that this Guaranty is a guaranty of payment and performance and not of collection, and that its obligations under this Guaranty shall be primary, absolute and unconditional, irrespective of, and unaffected by:

(a) the genuineness, validity, regularity, enforceability or any future amendment of, or change in this Guaranty, the Loan Agreement, any other Loan Document or any other agreement, document or instrument to which Borrower and/or Guarantor is or are or may become a party;

(b) the absence of any action to enforce this Guaranty, the Loan Agreement or any other Loan Document or the waiver or consent by Lender with respect to any of the provisions thereof;

(c) the existence, value or condition of, or failure to perfect its Lien against, any security for the Indebtedness or any

action, or the absence of any action, by Lender in respect thereof (including, without limitation, the release of any such security); or

(d) any other action or circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor;

it being agreed by Guarantor that its obligations under this Guaranty shall not be discharged until the payment and performance and discharge in full, of the Indebtedness. Guarantor shall be regarded, and shall be in the same position, as principal debtor with respect to the Indebtedness. Guarantor expressly waives all rights it may have now or in the future under any statute, or at common law, or at law or in equity, or otherwise, to compel Lender to proceed in respect of the Indebtedness against Borrower or any other party or against any security for the payment and performance of the Indebtedness before proceeding against, or as a condition to proceeding against, Guarantor. Guarantor agrees that any notice or directive given at any time to Lender which is inconsistent with the waiver in the immediately preceding sentence shall be null and void and may be ignored by Lender, and, in addition, may not be pleaded or introduced as evidence in any litigation relating to this Guaranty for the reason that such pleading or introduction would be at variance with the written terms of this Guaranty, unless Lender has specifically agreed otherwise in writing. It is agreed between Guarantor and Lender that the foregoing waivers are of the essence of the transaction contemplated by the Loan Documents and that, but for this Guaranty and such waivers, Lender would decline to make the Loans under the Loan Agreement.

2.2 Demand by Lender. In addition to the terms of the Guaranty set forth in section 2.1 hereof, and in no manner imposing any limitation on such terms, it is expressly understood and agreed that, if the then outstanding principal amount of the Indebtedness (together with all accrued interest thereon) is declared to be, or otherwise becomes, immediately due and payable, then, Guarantor shall, upon demand in writing therefor by Lender to Guarantor, pay to Lender in immediately available federal funds the entire outstanding Indebtedness due and owing to holder or holders of the Indebtedness. Such payment by Guarantor shall be credited and applied upon the Indebtedness to an account designated by Lender or at the address set forth herein for the giving of notice to Lender or at any other address that may be specified in writing from time to time by Lender.

2.3 Enforcement of Guaranty. In no event shall Lender have any obligation (although Lender is entitled, at its option) to proceed against Borrower or any other Person or any real or personal property pledged to secure the Indebtedness before seeking satisfaction from Guarantor, and Lender may proceed, prior or subsequent to, or simultaneously with, the enforcement of Lender's rights hereunder, to exercise any right or remedy which it may have against any property as a result of any Lien it may have as security for all or any portion of the Indebtedness.

2.4 Waiver. In addition to the waivers contained in section 2.1 hereof, Guarantor waives, and agrees that it shall not at any time insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshalling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance by Guarantor of its obligations under, or the enforcement by Lender of, this Guaranty. Guarantor hereby waives diligence, presentment and demand (whether for non-payment or protest or of acceptance, maturity, extension of time, change in nature or form of the Indebtedness, acceptance of further security, release of further security, composition or agreement arrived at as to the amount of, or the terms of, the Indebtedness, notice of adverse change in Borrower's financial condition or any other fact which might materially increase the risk to Guarantor) with respect to any of the Indebtedness or all other demands whatsoever and waives the benefit of all provisions of law which are or might be in conflict with the terms of this Guaranty. Guarantor represents, warrants and agrees that, as of the date of this Guaranty, its obligations under this Guaranty are not subject to any offsets or defenses against Lender or Borrower

of any kind. Guarantor further agrees that its obligations under this Guaranty shall not be subject to any counter claims, offsets or defenses against Lender or Borrower of any kind which may arise in the future.

2.5 Benefit of Guaranty. The provisions of this Guaranty are for the benefit of Lender and its successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between Borrower, on the one hand, and Lender, on the other hand, the obligations of Borrower under the Loan Agreement. In the event all or any part of the Indebtedness is transferred, endorsed or assigned by Lender to any Person or Persons, any reference to "Lender" herein shall be deemed to refer equally to such Person or Persons.

2.6 Modification of Loans, Etc. If Lender shall at any time or from time to time, with or without the consent of, or notice to, Guarantor:

(a) change or extend the manner, place or terms of payment of, or renew or alter all or any portion of, the Indebtedness;

(b) take any action under or in respect of any of the Loan Documents in the exercise of any remedy, power or privilege contained therein or available to it at law, equity or otherwise, or waive or refrain from exercising any such remedies, powers or privileges;

(c) amend, modify or restate in any manner whatsoever, any of the Loan Documents;

(d) extend or waive the time for Guarantor's, Borrower's or other Person's performance of, or compliance with, any term, covenant or agreement on its part to be performed or observed under any of the Loan Documents, or waive such performance or compliance or consent to a failure of, or departure from, such performance or compliance;

(e) take and hold any additional security or collateral for the payment of the Indebtedness guaranteed hereby or sell, exchange, release, dispose of, or otherwise deal with, any property pledged, mortgaged or conveyed, or in which Lender has been granted a Lien, to secure any indebtedness of Guarantor or Borrower to Lender;

(f) release anyone who may be liable in any manner for the payment of any amounts owed by Guarantor or Borrower to Lender;

(g) modify or terminate the terms of any intercreditor or subordination agreement pursuant to which claims of other creditors of Guarantor or Borrower are subordinated to the claims of Lender; and/or

(h) apply any sums by whomever paid or however realized to any amounts owing by Guarantor or Borrower to Lender in such manner as Lender shall determine in its sole discretion;

then Lender shall not incur any liability to Guarantor pursuant hereto as a result thereof, and no such action shall impair or release the obligations of Guarantor under this Guaranty.

2.7 Reinstatement. This Guaranty shall remain in full force and effect and continue to be effective in the event that any petition is filed by or against Borrower or Guarantor for liquidation or reorganization, in the event that Borrower or Guarantor becomes insolvent or makes an assignment for the benefit of creditors or in the event that a receiver or trustee is appointed for all or any significant part of Borrower's, or Guarantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Indebtedness, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by Lender, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is

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rescinded, reduced, restored or returned, the Indebtedness shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

2.8 Waiver of Subrogation, Etc.

(a) If, pursuant to applicable law, Guarantor, by payment or otherwise, becomes subrogated to all or any of the rights of Lender under any of the Loan Documents, the rights of Lender to which Guarantor shall be subrogated shall be accepted by Guarantor "as is" and without any representation or warranty of any kind by Lender, express or implied, with respect to the legality, value, validity or enforceability of any of such rights, or the existence, availability, value, merchantability or fitness for any particular purpose of any Collateral and shall be without recourse to Lender.

(b) If Lender, under applicable law, proceeds to realize its benefits under any of the Loan Documents giving Lender a Lien upon any Collateral, whether owned by Borrower, Guarantor or by any other Person, either by judicial foreclosure or by non-judicial sale or enforcement, Lender may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Guaranty. If, in the exercise of any of its rights and remedies, Lender forfeits any of its rights or remedies, including its right to enter a deficiency judgment against Borrower or any other Person, whether because of any applicable laws pertaining to "election of remedies" or the like, Guarantor hereby consents to such action by Lender and waives any claim based upon such action, even if such action by Lender shall result in a full or partial loss of any rights of subrogation which Guarantor might otherwise have had but for such action by Lender. Any election of remedies which results in the denial or impairment of the right of Lender to seek a deficiency judgment against Borrower shall not impair Guarantor's obligation to pay the full amount of the Indebtedness. In the event that Lender bids at any foreclosure or trustee's sale or at any private sale permitted by law or any of the Loan Documents, Lender may bid all or less than the amount of the Indebtedness and the amount of such bid need not be paid by Lender but shall be credited against the Indebtedness. The amount of the successful bid at any such sale, whether Lender or any other party is the successful bidder, shall be conclusively deemed to be the fair market value of the subject collateral and the difference between such bid amount and the remaining balance of the Indebtedness shall be conclusively deemed to be the amount of the Indebtedness guaranteed under this Guaranty, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Lender might otherwise be entitled but for such bidding at any such sale.

2.9 Continuing Guaranty. Guarantor agrees that this Guaranty is a continuing guaranty and shall remain in full force and effect until the payment and performance in full of the Indebtedness; provided, however, that if any sums paid to and applied by Lender toward the Indebtedness are thereafter required to be repaid to Borrower or to any Affiliate, or to any trustee, receiver or other person, by reason of the application of the Bankruptcy Code, the Uniform Fraudulent Transfer Act or any other law relating to creditors' rights generally, then this Guaranty shall be reinstated, ab initio, as if such portion of the Indebtedness had never been paid.

SECTION 3 SECURITY FOR THE OBLIGATIONS.

3.1 Security Interest in the Metro-Tel Collateral. To secure the payment and performance of any and all of the Indebtedness and the performance of all obligations and covenants of Guarantor hereunder and under the other Loan Documents, absolute or contingent, now existing or hereafter arising, which are now, or may at any time or times hereafter be owing by Guarantor to Lender, Guarantor hereby pledges to Lender and gives and grants Lender a continuing and general security interest in and Lien upon and right of set-off against, all right, title and interest of Guarantor in and to all of the Metro-Tel Collateral whether now owned or hereafter acquired by Guarantor; provided, however, that notwithstanding anything to the contrary set forth herein, none of Guarantor's obligations hereunder shall be secured by real property.

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3.2 Disclosure of Security Interest. Guarantor shall make appropriate entries upon its financial statements and its books and records disclosing Lender's Liens and security interests in all of the Metro-Tel Collateral.

3.3 Supplemental Documentation. At Lender's request, Guarantor shall

cause the execution and delivery to Lender, in form and substance satisfactory to Lender, of all such agreements, documents, financing statements and other writings requested by Lender to perfect and maintain the perfection and priority of its security interests in and Liens on the Metro-Tel Collateral and to consummate the other transactions contemplated hereby, and Guarantor shall pay all filing fees and documentary stamp, intangible and similar taxes in connection therewith. Guarantor irrevocably designates Lender as its attorney-in-fact to effectuate the foregoing.

3.4 Inspection. Guarantor hereby irrevocably consents to any reasonable act by Lender or its agents in entering upon any premises during normal business hours for the purposes of either (i) inspecting the Collateral and making extracts from and copies of any books and records relating thereto or (ii) taking possession of the Collateral at any time following the occurrence of an Event of Default; and Guarantor hereby waives its right to assert against Lender or its agents any claim based upon trespass or any similar cause of action for entering upon any premises where the Collateral may be located. Guarantor irrevocably consents to Lender's requesting information pertaining to Guarantor from any Person and to Lender's verifying such or any other information pertaining to Guarantor, including, but not limited to the amount, quality, existence, quantity, value and condition of any Account of Metro-Tel or any other Collateral.

3.5 Cross-Collateralization. All collateral which Lender may at any time acquire from any other source as security for the payment of any Indebtedness shall constitute cross-collateral for all Indebtedness without apportionment or designation as to particular Indebtedness, and all Indebtedness shall be secured by all such collateral; and Lender shall have the right, in its sole discretion, to determine the order in which its rights in or remedies against such collateral are to be exercised and which types or portions of the collateral are to be proceeded against and the order of application of proceeds of collateral against particular Indebtedness.

3.6 Collections; Lender's Right to Notify Account Debtors and to Endorse Guarantor's Name. Guarantor hereby authorizes Lender (a) upon the occurrence and during the continuation of a Default or an Event of Default, to open Guarantor's mail and collect any and all amounts due to Guarantor from Account Debtors; (b) after the occurrence of a Default or an Event of Default, notify any or all Account Debtors that the Accounts have been assigned to Lender and that Lender has a security interest therein; and (c) after the occurrence of a Default or an Event of Default, direct such Account Debtors to make all payments due from them to Guarantor upon the Accounts directly to Lender or to a lock box designated by Lender. Lender shall promptly furnish Guarantor with a copy of any such notice sent and Guarantor hereby agrees that any such notice may be sent on Guarantor's stationery, in which event Guarantor shall co-sign such notice with Lender. Guarantor irrevocably makes, constitutes and appoints Lender (and all Persons designated by Lender for that purpose) as Guarantor's true and lawful attorney (and agent-in-fact) to endorse Guarantor's name on any checks, notes, drafts or any other payment relating to and/or proceeds of the Collateral which come into either Lender's possession or control.

3.7 Preservation of Rights in Collateral. Except as herein or by applicable law otherwise expressly provided, Lender shall not be obligated to exercise any degree of care in connection with any Collateral, to take any steps necessary to preserve any rights in any of the Collateral or to preserve any rights therein against prior parties. No segregation or specific allocation by Lender of specified items of Collateral against any liability of Guarantor shall waive or affect any Lien against other items of Collateral or any of Lender's options, powers or rights under this Guaranty or otherwise arising.

3.8 Other Rights. Guarantor authorizes Lender without affecting either Guarantor's or Lender's obligations hereunder or under any other Loan Document from time to time to take from any party and hold additional collateral or guaranties for the payment of the Indebtedness or any part thereof, and to exchange, enforce,

substitute or release such collateral or guaranty of payment of the Indebtedness or any part thereof and to release or substitute any endorser or guarantor or any party who has given any Lien on any collateral as security for the payment of the Indebtedness or any part thereof or any party in any way obligated to pay the Indebtedness or any part thereof.

3.9 Tangible Collateral; Inventory. No Inventory, Equipment or other tangible collateral shall be commingled with, or become an accession to or part of, any property of any other Person so long as such property is Collateral. No tangible Collateral is or shall be allowed to become a fixture. No tangible Collateral shall be stored with any warehouseman, bailee or similar party.

3.10 Lender's Payment of Claims Asserted Against the Collateral. In the event a Lien, other than a Permitted Lien, is asserted by any Person against the Collateral and if Lender has given Guarantor five days' prior written notice and Guarantor has failed to either (i) satisfy the Lien or (ii) cause the Lien to be transferred to a bond acceptable to Lender, then Lender may at any time after such five-day period in its discretion without waiving or releasing any obligation, liability or duty of Guarantor under this Guaranty, the other Loan Documents or any Default or Event of Default, pay, acquire and/or accept an assignment of such Lien. All sums paid by Lender in respect thereof and all reasonable costs, fees and expenses, including, without limitation, reasonable attorneys' fees, court costs, expenses and other charges relating thereto, which are incurred by Lender on account thereof, shall be payable, upon demand, by Guarantor to Lender and shall be additional Indebtedness hereunder secured by the Collateral.

SECTION 4 COVENANTS OF GUARANTOR.

Guarantor covenants and agrees that from the date hereof and until payment in full of the Indebtedness unless Lender shall otherwise consent in writing, Guarantor:

4.1 Compliance with Loan Documents. Shall, and shall cause Borrower to, comply with all terms, conditions, covenants and agreements set forth in the Loan Documents.

4.2 Insurance. Shall, and shall cause Borrower to, maintain and pay for insurance upon all Collateral, wherever located, and otherwise covering casualty, hazard, workers' compensation, business interruption, public liability and such other risks (as is customary in the businesses in which Borrower and Guarantor are engaged) and in such amounts and with such insurance companies as shall be reasonably satisfactory to Lender and in compliance with law. Borrower and Metro-Tel shall deliver such certificates of insurance to Lender with loss payable endorsements naming Lender as loss payee thereunder in form reasonably satisfactory to Lender. Guarantor also agrees to, and to cause Borrower to, maintain and pay for insurance in such amount, with such companies and in such form as shall be reasonably satisfactory to Lender insuring Borrower and Guarantor against any claims, suits, loss or damages suffered by any Person on any property owned or leased by Borrower and Guarantor and against such other casualties and contingencies as is customary in the business in which Borrower or Guarantor is engaged, and deliver such certificates of insurance to Lender with satisfactory endorsements naming Lender as additional insured thereunder. Each policy of insurance shall contain a clause requiring the insurer to give not less than thirty (30) days' prior written notice to Lender before any cancellation of the policies for any reason whatsoever and a clause that the interest of Lender shall not be impaired or invalidated by any act or neglect of Borrower or Guarantor or the owner of the property nor by the occupation of the premises wherein such property is located for purposes more hazardous than are permitted by said policy. Guarantor hereby directs all insurers under such policies of insurance on the Collateral to pay all proceeds payable thereunder directly to Lender following an Event of Default. Guarantor hereby irrevocably makes, constitutes and appoints Lender (and all officers, employees or agents designated by Lender) as Guarantor's true and lawful attorney (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of Guarantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance; provided, however, that such power shall not be used until after the occurrence of and during

the continuation of an Event of Default. Prior to the occurrence of an Event of Default, neither Borrower nor Guarantor will make, settle or adjust any material claim without the prior written consent of Lender, which consent will not be

unreasonably withheld. If Guarantor fails to obtain and maintain any of the policies of insurance or to pay any premium in whole or in part, then Lender may, at Guarantor's expense, without waiving or releasing any obligation or default, procure the same, but shall not be required to do so. All sums so disbursed by Lender, including attorneys' fees, court costs, expenses and other charges related thereto, shall be payable on demand by Guarantor to Lender and shall be additional Indebtedness hereunder secured by the Collateral.

4.3 Liens. Shall not create or permit to exist any Liens on any of the Metro-Tel Collateral or its other assets, except Permitted Liens.

SECTION 5 EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) Guarantor fails to pay any portion of the Indebtedness when due and payable or declared due and payable, or fails to remit or deposit items or funds as required by the terms of this Guaranty; or

(b) Guarantor fails or neglects to observe, perform or comply with any other term, provision, condition, covenant, warranty or representation contained in this Guaranty, or the other Loan Documents or in any other agreement now existing or hereafter executed evidencing, securing or relating in any way to the Indebtedness or the obligations of Guarantor hereunder, which is required to be observed, performed or complied with by Guarantor, in any such instance after the passage of any applicable grace period; or

(c) A Default or an Event of Default (as such term is defined in the Loan Agreement) shall occur.

SECTION 6 RIGHTS AND REMEDIES AFTER EVENT OF DEFAULT.

6.1 Rights and Remedies. Upon and after the occurrence of any Event of Default, Lender shall have, in addition to all other rights and remedies which Lender may have under this Guaranty, the other Loan Documents, and applicable law, the following rights and remedies, all of which may be exercised with or without further notice to Guarantor: (a) all of the rights and remedies of a secured party under the Code and applicable law; (b) to foreclose the Liens created under this Guaranty and the other Loan Documents or under any other agreement relating to the Collateral, by any available judicial procedure or without judicial process; (c) to enter any premises where the Collateral may be located, through self-help and without judicial process, without first obtaining a final judgment or giving Guarantor notice and opportunity for a hearing on the validity of Lender's claim, for the purpose of taking possession or removing the same, or require Guarantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender; and/or (d) to sell, assign, lease, or otherwise dispose of the Collateral or any part thereof, either at public or private sale, in lots or in bulk, for cash, on credit or otherwise, with or without representation or warranties, and upon such terms as shall be acceptable to Lender, in its sole discretion, and Lender may bid or become the purchaser at any such public sale, free from any right of redemption which is hereby expressly waived by Guarantor, and Lender shall have the option to apply or be credited with the amount of all or any part of the Indebtedness owing to Lender against the purchase price bid by Lender at any such sale. Lender may, if it deems it reasonable, postpone or adjourn any sale of the Collateral from time to time by an announcement at the time and place of such postponed or adjourned sale, without being required to give a new notice of sale. Guarantor agrees that Lender has no obligation to preserve rights to the Collateral against prior Persons or to marshal any Collateral for the benefit of any Person. Lender is hereby granted a license or other right to use, without charge, Guarantor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, and

advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and Guarantor's rights under all licenses and franchise agreements shall inure to Lender's benefit. In addition, Guarantor agrees that in the event

notice is necessary under applicable law, written notice mailed to Guarantor in the manner specified herein five (5) days prior to the date of public sale of any of the Collateral or prior to the date after which any private sale or other disposition of the Collateral will be made shall constitute commercially reasonable notice to Guarantor. Upon the occurrence of an Event of Default, Lender shall also have the right to seek the appointment of a receiver to take possession of and operate and dispose of Guarantor's assets. Lender may, at any time during the continuance of an Event of Default, and at Guarantor's expense, employ and maintain custodians at Guarantor's premises who shall have full authority to protect Lender's interests. Upon the occurrence and during the continuation of an Event of Default, Guarantor authorizes Lender to collect and set-off and apply against the Indebtedness when due any cash or deposit accounts in its possession, and any refund of insurance premiums or any insurance proceeds payable on account of the loss or damage to any of the Collateral and irrevocably appoints Lender as its attorney-in-fact to endorse any check or draft or take other action necessary to obtain such funds. All or any part of the Collateral may be liquidated and sold by Lender for failure of Guarantor to pay any of the Indebtedness, regardless of whether any of the Loans have been accelerated or whether the Interest Rate Swap Agreement has been terminated early. Notwithstanding anything to the contrary set forth herein, Collateral may be liquidated upon Borrower's failure to pay any Indebtedness on a timely basis, whether or not any acceleration has occurred or the Interest Rate Swap Agreement has been terminated early.

6.2 Application of Proceeds. After an Event of Default, the net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral shall be applied first to the expenses (including all reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Indebtedness, application as to particular Indebtedness or against principal or interest to be in Lender's absolute discretion. With limiting the generality of any other provision herein, Guarantor shall be liable to Lender and shall pay to Lender on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral. With limiting the generality of any other provision herein, Lender shall forthwith remit to Guarantor or the Person entitled thereto any surplus remaining after all Indebtedness has been paid in full. If any of the Collateral shall require repairs, maintenance, preparation or the like, or is in process or other unfinished state, Lender shall have the right, but shall not be obligated, to perform such repairs, maintenance, preparation, completion of manufacturing or processing, for the purpose of putting the same in such saleable form as Lender shall deem appropriate, but Lender shall have the right to sell or dispose of the Collateral without any such repairs, maintenance, preparation, completion of manufacturing or processing. Guarantor will, at Lender's request, assemble (as soon as reasonably practicable) all the Collateral and make it available to Lender at places which Lender may select, whether at premises of Guarantor or elsewhere, and will make available to Lender all premises and facilities of Guarantor for the purpose of Lender's taking possession of the Collateral or of removing or putting the Collateral in saleable form.

6.3 Appointment of Lender as Guarantor's Lawful Attorney. Guarantor hereby irrevocably designates, makes, constitutes and appoints Lender (and all Persons designated by Lender) as Guarantor's true and lawful attorney (and agent-in-fact) and Lender, or Lender's agent, may, upon and after the occurrence of an Event of Default, without notice to Guarantor, and at such time or times thereafter as Lender or said agent, in its sole discretion, may determine, in Guarantor's or Lender's name: (i) demand payment of the Accounts; (ii) enforce payment of the Accounts, by legal proceedings or otherwise; (iii) exercise all of Guarantor's rights and remedies with respect to the collection of the Accounts; (iv) settle, adjust, compromise, extend or renew the Accounts; (v) settle, adjust or compromise any legal proceedings brought to collect the Accounts; (vi) if permitted by applicable law, sell or assign the Accounts upon such terms, for such amounts and at such time or times as Lender deems advisable; (vii) discharge and release the Accounts; (viii) prepare, file and sign Guarantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor; (ix) prepare, file and sign Guarantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Accounts; (x) do all acts and things necessary, in Lender's sole discretion, to fulfill Guarantor's obligations under this Guaranty; (xi) endorse the name of Guarantor upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document

or agreement relating to the Accounts or Inventory; (xii) use Guarantor's stationery and sign the name of Guarantor to verifications of the Accounts and notices thereof to Account Debtors; (xiii) use the information recorded, other than classified information, on or contained in any data processing equipment and computer hardware and software relating to the Accounts and Inventory to which Guarantor has access; (xiv) take control, in any manner, of any item of payment or proceeds referred to in section 3.6 hereof; (xv) endorse the name of Guarantor upon any item of payment or proceeds referred to in section 3.6 hereof and deposit the same to the account of Lender on account of the Indebtedness; and (xvi) endorse Guarantor's name upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to the Accounts or Inventory. All acts of Lender or its designee, except Lender's and its designees' acts of gross negligence or willful misconduct, taken pursuant to this section 6.3 are hereby ratified and confirmed and Lender or its designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable by Guarantor until all Indebtedness is paid in full.

6.4 Rights and Remedies Cumulative; Non-Waiver; Etc. The enumeration of Lender's rights and remedies set forth in this Guaranty is not intended to be exhaustive and the exercise by Lender of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder, under the Loan Documents or under any other agreement between Guarantor and Lender or which may now or hereafter exist in law or in equity or by suit or otherwise. No delay or failure to take action on the part of Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between Guarantor and Lender or Lender's employees shall be effective to change, modify or discharge any provision of this Guaranty or to constitute a waiver of any Event of Default. Lender shall not, under any circumstances or in any event whatsoever, have any liability for any error, omission or delay of any kind occurring in the liquidation of the Collateral or for any damages resulting therefrom except damages directly attributable to Lender's gross negligence or willful misconduct.

SECTION 7 PAYMENT OF EXPENSES

Provided same shall not have previously been paid by Borrower, Guarantor shall pay or reimburse Lender upon demand for all reasonable expenses (including, without limitation, reasonable attorneys' and paralegals' expenses) incurred or paid by Lender in connection with: (a) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Lender or Guarantor or any other Person) in any way relating to the Collateral, this Guaranty or the other Loan Documents, or Borrower's or Guarantor's business or affairs; (b) any attempt to enforce any rights of Lender or any participant against Guarantor or any other Person which may be obligated to Lender by virtue of this Guaranty or the other Loan Documents, including without limitation, the Account Debtors; (c) any attempt to inspect, verify, protect, collect, sell, liquidate or otherwise dispose of the Collateral; (d) the filing and recording of all documents required by Lender to perfect Lender's Liens in the Collateral, including without limitation, any documentary stamp tax or any other taxes incurred because of such filing or recording.

SECTION 8 MISCELLANEOUS.

8.1 Survival of Agreements. All agreements, covenants, representations and warranties contained herein or made in writing by or on behalf of Guarantor in connection with the transactions contemplated hereby shall survive the execution and delivery of this Guaranty and the other Loan Documents and shall continue in full force and effect so long as any Indebtedness is outstanding. No termination or cancellation (regardless of cause or procedure) of this Guaranty shall in any way affect or impair the powers, obligations, duties, rights and liabilities of the parties hereto in any way with respect to (a) any transaction or event occurring prior to such termination or cancellation, (b) the

Collateral, or (c) any of Guarantor's undertakings, agreements, covenants, warranties and representations contained

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in this Guaranty and the other Loan Documents and all such undertakings, agreements, covenants, warranties and representations shall survive such termination or cancellation. Guarantor further agrees that to the extent that Guarantor makes a payment or payments to Lender, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy, insolvency or similar state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, the Indebtedness or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been received by Lender.

8.2 Notices. Any notice or other communication hereunder to any party hereto shall be by hand delivery, facsimile transmission, nationally recognized overnight courier for next business day delivery or registered or certified mail and unless otherwise provided herein shall be deemed to have been received when delivered personally or three days after deposit in such mail or with such courier postage prepaid, addressed to the party at its address specified below (or at any other address that the party may hereafter specify to the other parties in writing):

Guarantor: Metro-Tel Corp.
290 N.E. 68th Street
Miami, Florida 33138
Facsimile: (305) 751-4903

With a copy to: Harold Berritt, Esq.
Greenberg Traurig
1221 Brickell Avenue
Miami, Florida 33131
Facsimile: (305) 579-0717

Lender: First Union National Bank
Portfolio Management Group
4299 N.W. 36th Street, 4th Floor
Miami Springs, Florida 33166
Facsimile: (305) 883-4198

With a copy to: Stearns Weaver Miller Weissler
Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, Florida 33130
Attention: Carl D. Roston, Esq.
Facsimile: (305) 789-3395

8.3 Indemnification of Lender. From and at all times after the date of this Guaranty, and in addition to all of Lender's other rights and remedies against Guarantor, Guarantor agrees to hold Lender harmless from, and to indemnify Lender against, all losses, damages, costs and expenses (including, but not limited to, reasonable attorneys' and paralegals' fees, costs and expenses) incurred by Lender from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or relating to any suit, action or proceeding by any Person, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any Person under any statute or regulation, including, but not limited to, any federal or state securities laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution or performance of, this Guaranty and the other Loan Documents; provided, however, that the foregoing indemnification shall not protect a Lender from loss, damage, cost or expense directly attributable to such Lender's willful misconduct or gross negligence. All of the foregoing losses, damages, costs and expenses of Lender shall be payable by Guarantor upon demand by Lender, as the case may be, and shall be additional Indebtedness hereunder secured by the Collateral.

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8.4 Assignment. This Guaranty shall be binding upon and shall inure to the benefit of Guarantor and Lender, and their respective successors and assigns; provided that Guarantor may not assign any of its rights or duties hereunder without the prior written consent of Lender and any such assignment made without such consent shall be void. Nothing in this Guaranty shall prohibit or restrict Lender from pledging or assigning the Loan Documents, including the Collateral, to any Federal Reserve Bank in accordance with applicable law.

8.5 Amendment. This Guaranty cannot be amended, changed, discharged or terminated orally, but only by an instrument in writing signed by Lender and Guarantor.

8.6 Severability. To the extent any provision of this Guaranty is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

8.7 Entire Agreement. This Guaranty and the other documents, certificates and instruments referred to herein constitute the entire agreement between the parties and supersede and rescind any prior agreements relating to the subject matter hereof; provided, however, that, notwithstanding the foregoing, this Guaranty shall not be deemed to modify, supersede, rescind, revoke or otherwise diminish the terms or conditions of any other guaranty or similar arrangement executed by Guarantor in favor of Lender.

8.8 Binding Effect. All of the terms of this Guaranty and the other Loan Documents, as the same may from time to time be amended, shall be binding upon, inure to the benefit of and be enforceable by the respective successors and assigns of Guarantor and Lender. This provision, however, shall not be deemed to modify section 8.5.

8.9 Captions. The captions to the various sections and subsections of this Guaranty have been inserted for convenience only and shall not limit or affect any of the terms hereof.

8.10 Conflict of Terms. The provisions of the other Loan Documents and any Schedule thereto are incorporated in this Guaranty by this reference thereto. Except as otherwise provided in this Guaranty and except as otherwise provided in the other Loan Documents, if any provision contained in this Guaranty is in conflict with, or inconsistent with, any provision of the other Loan Documents, the provision contained in this Guaranty shall control.

8.11 Injunctive Relief. Guarantor recognizes that in the event Guarantor fails to perform, observe or discharge any of its obligations or liabilities under this Guaranty, any remedy of law may prove to be inadequate relief to Lender. Guarantor therefore agrees that Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

8.12 Further Assurances. At any time, and from time to time, upon the written request of Lender, and at the sole expense of Guarantor, Guarantor will promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as Lender may reasonably deem desirable to obtain the full benefits of this Guaranty. Guarantor also hereby authorizes Lender to file any additional financing or continuation statements without the signature of Guarantor to the extent permitted by law.

8.13 Separate Legal Counsel. Guarantor has been represented by its own legal counsel (and not that of Lender) in connection with the negotiation and documentation of the Loan Documents.

8.14 Counterparts; Construction; Gender. This Guaranty may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute but one and the same instrument. Any telecopied version of a signature shall be deemed a manually executed and delivered original. This Guaranty shall

be construed without any presumption that it be construed against the party causing it to be drafted. All references in this Guaranty or any of the other Loan Documents to the masculine, feminine or neuter gender shall include all such genders unless the context clearly indicates otherwise. Each representation, warranty, covenant and agreement set forth in any Loan Document shall be construed independently. The parties acknowledge that a Default or an Event of Default shall be deemed continuing until cured, as determined by Lender, in accordance with the terms hereof and the other Loan Documents.

8.15 Powers. All powers of attorney granted to Lender are coupled with an interest and are irrevocable, until all Indebtedness is irrevocably paid in full and Lender has no further obligations to make any Loans.

8.16 Approvals. If this Guaranty calls for the approval or consent of Lender, such approval or consent may be given or withheld in the sole credit judgment of Lender.

8.17 Arbitration; Preservation and Limitation of Remedies. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any dispute, claim or controversy arising out of, connected with or relating to this Guaranty or any other Loan Documents ("Disputes"), this Guaranty shall be resolved by binding arbitration as provided herein. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether a matter is subject to arbitration, claims brought as class actions, claims arising from Loan Documents executed in the future, or claims arising out of or connected with the transaction reflected by this Guaranty. Arbitration shall be conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and Title 9 of the U.S. Code. All arbitration hearings shall be conducted in the city in which the office of Lender first stated above is located. The expedited procedures set forth in Rules 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000. All applicable statutes of limitation shall apply to any Dispute. A judgment upon the award may be entered in any court having jurisdiction. The panel from which all arbitrators are selected shall be comprised of licensed attorneys. The single arbitrator selected for expedited procedure shall be a retired judge from the highest court of general jurisdiction, state or federal, of the state where the hearing will be conducted or if such person is not available to serve, the single arbitrator may be a licensed attorney. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to any Interest Rate Swap Agreement. Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party hereto may employ or exercise freely, independently or in connection with an arbitration proceeding or after an arbitration action is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale granted under Loan Documents or under applicable law or by judicial foreclosure and sale, including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off, and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding; and (iv) when applicable, a judgment by confession of judgment. Preservation of these remedies does not limit the power of an arbitrator to grant similar remedies that may be requested by a party in a Dispute. The parties agree that they shall not have a remedy of punitive or exemplary damages against the other in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially.

8.18 Governing Law; Jurisdiction and Venue; Waiver of Jury Trial. SUBJECT TO THE TERMS OF SECTION 8.17, THIS GUARANTY SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF FLORIDA. SUBJECT TO THE TERMS OF SECTION 8.17, AS PART OF THE CONSIDERATION FOR NEW VALUE THIS DAY RECEIVED, GUARANTOR HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE

OR FEDERAL COURT LOCATED WITHIN DADE COUNTY, STATE OF FLORIDA, AND CONSENTS THAT ALL SERVICE OF PROCESS BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO GUARANTOR AT THE ADDRESS STATED IN SECTION 8.2 AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT THEREOF OR THREE DAYS AFTER DEPOSIT IN THE UNITED STATES MAELS, PROPER POSTAGE PREPAID. SUBJECT TO THE TERMS OF SECTION 8.17, EACH OF GUARANTOR AND Lender HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATED TO THIS GUARANTY OR THE OTHER LOAN DOCUMENTS. SUBJECT TO THE TERMS OF SECTION 8.17, GUARANTOR WAIVES ANY OBJECTION WHICH GUARANTOR MAY HAVE BASED ON LACK OF JURISDICTION OR IMPROPER VENUE OR FORUM NON CONVENIENS TO ANY SUIT OR PROCEEDING INSTITUTED BY LENDER UNDER THIS GUARANTY OR THE OTHER LOAN DOCUMENTS IN ANY STATE OR FEDERAL COURT LOCATED WITHIN DADE COUNTY, FLORIDA AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT. SUBJECT TO THE TERMS OF SECTION 8.17, NOTHING IN THIS SECTION 8.18 SHALL AFFECT THE RIGHT OF LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST GUARANTOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH HAS JURISDICTION OVER GUARANTOR OR ITS PROPERTY. SUBJECT TO THE TERMS OF SECTION 8.17, THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS, MAKE THE LOANS AND EXTEND THE OTHER FINANCIAL ACCOMMODATIONS CONTEMPLATED HEREUNDER AND THEREUNDER.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty and Security Agreement to be executed and sealed in its corporate name by its duly authorized corporate officer as of the date first above written.

METRO-TEL CORP.

By: /s/ Michael Steiner

Name: Michael Steiner

Title: President

Accepted and acknowledged by:

FIRST UNION NATIONAL BANK

By: /s/ Steven Leth

Name: Steven Leth

Title: Vice President

EXHIBIT 99.1

Report of Independent Certified Public Accountants

Board of Directors and Shareholders
Steiner-Atlantic Corp.
Miami, Florida

We have audited the accompanying balance sheet of Steiner-Atlantic Corp. as of December 31, 1997 and the related statements of income, shareholders' equity and cash flows for each of the two years in the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steiner-Atlantic Corp. at December 31, 1997, and the results of its operations and its cash flows for each of the two years in the period then ended in conformity with generally accepted accounting principles.

/s/ BDO SEIDMAN, LLP

Miami, Florida
April 1, 1998, except for Note 1
which is as of July 1, 1998

BDO Seidman, LLP

<TABLE>
<CAPTION>

Steiner-Atlantic Corp.
Balance Sheets

	December 31, 1997	June 30, 1998	
	(Unaudited)		
<S>	<C>	<C>	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 632,331	\$ 828,390	
Accounts receivable (Note 7)	1,214,523	1,021,213	
Current portion of lease receivables (Notes 2 and 7)		193,562	161,007
Inventories	3,108,303	2,767,624	
Other current assets (Note 6)	116,653	67,238	
Total current assets	5,265,372	4,845,472	
LEASE RECEIVABLES - due after one year (Notes 2 and 7)		214,177	148,651
PROPERTY AND EQUIPMENT, at cost - net of accumulated depreciation and amortization (Note 3)		147,039	146,461
	\$ 5,626,588	\$ 5,140,584	

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES			
Line of credit (Note 5)	\$ 500,000	\$ 1,000,000	
Accounts payable and accrued expenses (Note 6)		869,035	1,391,222
Customer deposits	304,278	389,371	
Current portion of term loan (Note 5)	200,000	200,000	

Total current liabilities	1,873,313	2,980,593
TERM LOAN, less current portion (Note 5)		316,613 216,613

Total liabilities 2,189,926 3,197,206

COMMITMENTS (Notes 6, 8 and 9)

SHAREHOLDERS' EQUITY

Common stock, \$.50 par value:		
Authorized shares - 600,000; issued and outstanding 339,500 shares	169,750	169,750
Retained earnings	1,448,950	1,448,950
Undistributed shareholders' earnings	1,817,962	324,678

Total shareholders' equity 3,436,662 1,943,378

\$ 5,626,588 \$ 5,140,584

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

2

<TABLE>
<CAPTION>

Steiner-Atlantic Corp.
Statements of Income

	Year ended December 31,		Six months ended June 30,			
	1996	1997	1997	1998		
	(Unaudited)					
<S>	<C>	<C>	<C>	<C>		
REVENUES:						
NET SALES	\$ 13,857,817	\$ 14,093,632	\$ 6,511,446	\$ 7,747,321		
COMMISSIONS AND OTHER INCOME		157,900	155,809	72,714	87,388	
Total	14,015,717	14,249,441	6,584,160	7,834,709		
COST OF SALES	9,953,041	10,344,113	4,628,985	5,856,339		
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (NOTE 6)			3,398,345	3,474,421	1,595,932	1,698,058
Total	13,351,386	13,818,534	6,224,917	7,554,397		
OPERATING INCOME		664,331	430,907	359,243	280,312	
Other Income (Expense):						
Interest income	138,426	100,158	55,591	40,390		
Management fee income (Note 6)		145,000	40,000	-	150,000	
Interest expense	(83,543)	(60,940)	(35,740)	(26,509)		
TOTAL OTHER INCOME		199,883	79,218	19,851	163,881	
NET INCOME	\$ 864,214	\$ 510,125	\$ 379,094	444,193		
Net income per share	\$ 2.55	\$ 1.50	\$ 1.12	\$ 1.31		
Weighted average number of shares of common stock outstanding	339,500	339,500	339,500	339,500		
PRO FORMA AMOUNTS (UNAUDITED):						
Net income	\$ 864,214	\$ 510,125	\$ 379,094	444,193		
Provision for income taxes (Note 4)		329,935	195,555	144,722	170,939	

PRO FORMA NET INCOME (UNAUDITED) \$ 534,279 \$ 314,570 \$ 234,372 \$ 273,254

Pro forma net income per share (unaudited)	\$	1.57	\$.93	\$.69	\$.80
Weighted average number of shares of common stock outstanding		339,500		339,500		339,500		339,500

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

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<TABLE>
<CAPTION>

Steiner-Atlantic Corp.
Statements of Shareholders' Equity
For the years ended December 31, 1996 and 1997
and for the six months ended June 30, 1998

	Common Stock	Undistributed Retained Earnings	Total Shareholders' Earnings	Stockholders' Equity	
<S>	<C>	<C>	<C>	<C>	
Balance at December 31, 1995		\$ 169,750	\$ 1,448,950	\$ 1,813,623	\$ 3,432,323
Distributions	-	-	(770,000)	(770,000)	
Net income	-	-	864,214	864,214	
Balance at December 31, 1996		169,750	1,448,950	1,907,837	3,526,537
Distributions	-	-	(600,000)	(600,000)	
Net income	-	-	510,125	510,125	
Balance at December 31, 1997		169,750	1,448,950	1,817,962	3,436,662
Distributions	-	-	(1,937,477)	(1,937,477)	
Net income	-	-	444,193	444,193	
Balance at June 30, 1998 (unaudited)		\$ 169,750	\$ 1,448,950	\$ 324,678	\$ 1,943,378

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

4

<TABLE>
<CAPTION>

Steiner-Atlantic Corp.
Statements of Cash Flows

	Years ended December 31,		Six months ended June 30,		
	1996	1997	1997	1998	
	(Unaudited)				
<S>	<C>	<C>	<C>	<C>	
CASH PROVIDED BY OPERATING ACTIVITIES:					
Net income	\$	864,214	\$	510,125	\$ 379,094 \$ 444,193
Adjustments to reconcile net income to net cash provided by operating activities:					
Bad debt expense		19,414		21,799	- 39,948
Depreciation and amortization		40,064		34,643	14,622 15,621
Net changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts and lease receivables		331,387		(373,356)	(91,154) 251,443
Inventories		(185,972)		73,249	69,903 340,679
Other current assets		32,998		(14,845)	(77,328) 49,415
Other assets		134,720		-	(3,160) -
Increase (decrease) in:					
Accounts payable and accrued expenses		(89,415)		70,597	131,436 347,187
Customer deposits		(35,138)		124,406	243,442 85,093

Cash provided by operating activities	1,112,272	446,618	666,855	1,573,579
CASH USED FOR INVESTING ACTIVITIES:				
Loan to affiliate	(50,000)	-	-	-
Capital expenditures	(23,850)	(30,406)	-	(15,043)
Cash used for investing activities	(23,850)	(80,406)	-	(15,043)
CASH USED FOR FINANCING ACTIVITIES:				
Borrowings (repayments) under line of credit (net)	(300,000)	500,000	-	500,000
Payments on term loan	(183,334)	(216,720)	(116,666)	(100,000)
Cash distributions to shareholders	(770,000)	(600,000)	(200,000)	(1,937,477)
Borrowings from shareholder	250,000	-	-	-
Repayment of loan from shareholder	(250,000)	-	-	-
Borrowings from related company	-	-	-	175,000
Cash used for financing activities	(1,253,334)	(316,720)	(316,666)	(1,362,477)
Increase (decrease) in cash and cash equivalents	(164,912)	49,492	350,189	196,059
Cash and cash equivalents at beginning of period	747,751	582,839	582,839	632,331
Cash and cash equivalents at end of period	\$ 582,839	\$ 632,331	\$ 933,028	\$ 828,390

Supplemental Information:

Cash paid for:				
Interest	\$ 83,543	\$ 60,940	\$ 35,740	\$ 26,509

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

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Steiner-Atlantic Corp.

Summary of Significant Accounting Policies

Unaudited with respect to the six months ended June 30, 1997 and 1998

NATURE OF BUSINESS Steiner-Atlantic Corp. ("Steiner") sells commercial and industrial laundry and dry cleaning equipment, boilers and replacement parts.

Steiner primarily sells to customers located in the United States, the Caribbean and Latin America.

INVENTORIES Equipment inventories are valued at the lower of cost (determined on the specific identification basis) or market. Replacement part inventories are valued at the lower of cost or market determined on the first-in first-out method.

PROPERTY, EQUIPMENT AND DEPRECIATION Property and equipment are stated at cost. Depreciation and amortization are calculated on the accelerated or straight-line methods for financial reporting purposes and the accelerated method for income tax purposes over lives of five to seven years for furniture and equipment and the life of the lease for leasehold improvements.

INCOME TAXES Steiner has elected to be taxed as an S Corporation under applicable provisions of the Internal Revenue Code. Under such election, shareholders include Steiner's income in their own federal income tax returns. Accordingly, Steiner is not subject to income taxes.

The pro forma provisions for income taxes and net income assume that Steiner was subject to income tax.

For the purpose of the pro forma provision

for income taxes, Steiner has adopted the provisions of Statement of Financial Accounting Standards (SFAS) 109, Accounting for Income Taxes for all periods presented. Under the asset and liability method of SFAS 109, deferred taxes are recognized for differences between financial statement and income tax bases of assets and liabilities.

STATEMENT OF CASH FLOWS For purposes of this statement, cash equivalents include all highly liquid investments with original maturities of three months or less.

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Steiner-Atlantic Corp.
Summary of Significant Accounting Policies
Unaudited with respect to the six months ended June 30, 1997 and 1998

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.

EARNINGS Per Share Net income and pro forma net income per share are based on the weighted average number of shares of common stock outstanding during each period.

FAIR VALUE OF FINANCIAL INSTRUMENTS The Company's financial instruments consist principally of cash, accounts receivable, leases receivables, accounts payable and accrued expenses. The carrying amounts of such financial instruments as reflected in the balance sheet approximate their estimated fair value as of December 31, 1997. The estimated fair value is not necessarily indicative of the amounts the Company could realize in a current market exchange or of future earnings or cash flows.

NEW ACCOUNTING PRONOUNCEMENT In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which Steiner will adopt as required for all periods beginning after December 15, 1997. This statement requires the disclosure of certain information about operating segments in the financial statements. It also requires that public companies report certain information about their products and services, the geographic areas in which they operate and their major customers.

The new standard is effective for financial statements for periods beginning after December 15, 1997 and requires comparative financial information for earlier years to be restated. Disclosure is not required for interim periods during the first year. The adoption of this new standard is not expected to have a significant impact on Steiner's financial statements.

INTERIM FINANCIAL STATEMENTS The financial statements for the six months ended June 30, 1998 and 1997 are unaudited. In the opinion of management, such financial statements include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of financial position and the results of operations. The results of operations for interim periods are not necessarily

indicative of the results to be expected for the full year.

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Steiner-Atlantic Corp.
Notes to Financial Statements
Unaudited with respect to the six months ended June 30, 1997 and 1998

1. GENERAL On July 1, 1998, Metro-Tel Corp. ("Metro-Tel") and Steiner-Atlantic Corp. ("Steiner") entered into a merger agreement, whereby Metro-Tel will acquire all the issued and outstanding shares of capital stock of Steiner in exchange for 4,720,954 shares of Metro-Tel. In addition, Metro-Tel will issue up to 500,000 shares of its common stock or grant options for the purchase of up to 500,000 shares of its common stock to shareholders and employees of Steiner.

For financial accounting purposes, this transaction will be accounted for as a reverse acquisition of Metro-Tel by Steiner.

2. LEASE RECEIVABLES Lease receivables result from customer leases of equipment under arrangements which qualify as sales-type leases. At June 30, 1998, annual future lease payments, net of deferred interest (\$57,164 at June 30, 1998), due under these leases are as follows:

Year ending June 30,	
1999	\$ 161,007
2000	68,026
2001	41,659
2002	24,016
2003	12,628
Thereafter	2,322
	<u>\$ 309,658</u>

3. PROPERTY AND EQUIPMENT Major classes of property and equipment consist of the following:
<TABLE>
<CAPTION>

	December 31, 1997	June 30, 1998
	<C>	<C>
<S> Furniture and equipment	\$ 433,535	\$ 448,578
Leasehold improvements	237,682	237,682
	<u>671,217</u>	<u>686,260</u>
Total cost		
Less accumulated depreciation and amortization	524,178	539,799
	<u>\$ 147,039</u>	<u>\$ 146,461</u>

</TABLE>

8

4. INCOME TAXES (UNAUDITED) The following are the components of pro forma income tax provision:

<TABLE>
<CAPTION>

	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1997	1998
<hr/>				
<S>	<C>	<C>	<C>	<C>
Current				
Federal	\$ 279,616	\$ 189,074	\$ 131,487	\$ 143,910
State	47,864	32,366	22,508	24,536
<hr/>				
	327,480	221,440	153,995	168,446
<hr/>				
Deferred				
Federal	2,096	(22,102)	(7,918)	2,129
State	359	(3,783)	(1,355)	364
<hr/>				
	2,455	(25,885)	(9,273)	2,493
Total	\$ 329,935	\$ 195,555	\$ 144,722	\$ 170,939

</TABLE>

The pro forma provision for income taxes represents the estimated income taxes that would have been reported had Steiner not been an S Corporation and had been subject to Federal and state income taxes.

The reconciliation of pro forma income tax computed at the United States federal statutory tax rate of 34% to the proforma provision for income taxes is as follows:

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Steiner-Atlantic Corp.
Notes to Financial Statements

Unaudited with respect to the six months ended June 30, 1997 and 1998

<TABLE>
<CAPTION>

	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1997	1998
<hr/>				
<S>	<C>	<C>	<C>	<C>
Tax at the United States statutory rate	\$ 293,833	\$ 173,443	\$ 128,892	\$ 153,826
State income taxes, net of federal benefit	31,827	18,865	13,961	16,374
Other	4,275	3,247	1,869	739
<hr/>				
Total	\$ 329,935	\$ 195,555	\$ 144,722	\$ 170,939

</TABLE>

If Steiner was subject to income taxes, a deferred tax liability would be recorded, through a charge to operations, for the tax effect of cumulative temporary differences between financial and tax reporting. Such deferred tax liability results principally from temporary differences relating to the allowance for doubtful accounts and depreciation and would have amounted to approximately \$20,000 at June 30, 1998 had Steiner been subject to federal and state taxes at such date.

5. CREDIT AGREEMENT The credit agreement with a commercial bank includes a line of credit of \$2,250,000 and a term loan initially of \$1,000,000. At June 30, 1998 and December 31, 1997, Steiner had available lines of credit in the amount of \$1,250,000 and \$1,750,000, respectively, and owed \$416,613 and \$516,613, respectively, under the term loan. The term loan is due in 60 monthly payments of \$16,667, plus interest through August 2000. The line of credit is due on demand and is available for working capital purposes and the issuance of import letters of credit and bankers acceptances. Borrowings under the agreement bear interest at the prime rate (8.5% at June 30, 1998 and 8.5% at December 31, 1997), are collateralized by all of Steiner's assets, and are personally guaranteed by the shareholders. The agreement requires maintenance of certain financial ratios and contains other restrictive covenants.

At June 30, 1998 and December 31, 1997, Steiner had outstanding letters of credit aggregating approximately \$0 and \$35,000, respectively.

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Steiner-Atlantic Corp.
Notes to Financial Statements

Unaudited with respect to the six months ended June 30, 1997 and 1998

6. RELATED PARTY During the years ended December 31, 1996 and
TRANSACTIONS 1997 and the six months ended June 30, 1997
and 1998, Steiner charged management fees of \$145,000, \$40,000, \$0 and \$150,000, respectively, to a company under common ownership. At December 31, 1997, \$50,000 is due from such company and is included in other current assets in the accompanying balance sheet. During 1998, the related company made a non-interest bearing advance of \$325,000, payable on demand, to Steiner. At June 30, 1998, \$175,000 is due to such company and is included in accounts payable and accrued expenses in the accompanying balance sheet.

Steiner leases warehouse and office space from a shareholder under an operating lease which expires in October 2004. Minimum future rental commitments under this lease approximate \$90,000 per annum through October 2004.

7. CONCENTRATIONS OF Steiner places its excess cash in overnight
CREDIT RISK deposits with a large national bank.
Concentration of credit risk with respect to trade and lease receivables is limited due to a large customer base. Trade and lease receivables are generally collateralized with equipment sold.
8. COMMITMENT Steiner leases additional warehouse space under operating leases which expire in December 1999, with an option to renew for an additional three year period. Minimum future rental commitments under these leases approximate \$50,000 a year. Rent expense, including rentals paid to related parties, aggregated \$138,768 and \$141,700 for the years ended December 31, 1996 and 1997 and \$71,650 and \$70,850 for six months ended June 30, 1997 and 1998, respectively.
9. DEFERRED Steiner adopted a participatory deferred
COMPENSATION compensation plan wherein it matches
PLAN employee contributions up to 1% of an eligible employee's yearly compensation. All employees are eligible to participate in the plan after one year of service. Steiner provided for \$7,368 and \$10,792 for the years ended December 31, 1996 and 1997 and

\$5,260 and \$5,735 for the six months ended June 30, 1997 and 1998, respectively, in contributions. The plan is tax exempt under Section 401(k) of the Internal Revenue Code.

10. EXPORT SALES Net sales includes export sales to nonaffiliated customers as follows for the years ended December 31, 1996 and 1997 and for the six months ended June 30, 1997 and 1998:

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Steiner-Atlantic Corp.
Notes to Financial Statements

Unaudited with respect to the six months ended June 30, 1997 and 1998

	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1997	1998
Caribbean	\$1,345,301	\$ 1,793,076	\$ 365,591	\$ 1,147,918
Latin America	1,314,838	1,595,797	500,976	1,217,397
Other	381,528	560,639	245,256	65,295
	\$3,041,667	\$ 3,949,512	\$1,111,823	\$ 2,430,610

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EXHIBIT 99.2

PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The accompanying unaudited pro forma combined condensed financial statements are based upon the historical condensed balance sheets and condensed statements of operations of the Company and Steiner. The unaudited pro forma combined condensed balance sheet has been prepared as if the acquisition occurred on June 30, 1998. The unaudited pro forma combined condensed financial statements of operations for the year ended December 31, 1997 and for the six months ended June 30, 1998 have been prepared as if the acquisition had occurred on January 1, 1997. The statements are based on accounting for the business combination as a reverse acquisition, whereby the Company will be the surviving corporate entity, but Steiner is the accounting acquirer. As Steiner is the accounting acquirer in a transaction accounted for as a purchase in accordance with generally accepted accounting principles, the purchase price has been allocated to the Company's assets and liabilities based upon preliminary estimates of their respective fair values. The pro forma information may not be indicative of the results that actually would have occurred if the Merger had been in effect from and on the dates indicated or which may be obtained in the future.

<TABLE>
<CAPTION>

UNAUDITED PRO FORMA COMBINED
CONDENSED BALANCE SHEET
JUNE 30, 1998

	HISTORICAL METRO TEL	HISTORICAL STEINER-ATLANTIC	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 475,508	\$ 828,390		\$ 1,303,898
Accounts receivable - net	486,144	1,021,213		1,507,357
Inventory	1,434,147	2,767,624	\$ 149,314 (1)	4,351,085
Other assets	78,766	228,245		307,011
Total current assets	2,474,565	4,845,472	149,314	7,469,351
Fixed assets - net	151,346	146,461		297,807
Deferred income taxes	133,000		(46,000) (9)	87,000
Goodwill	763,628		(763,628) (2)	313,917
		313,917 (3)		
Other assets	9,676	148,651		158,327
Total assets	\$ 3,532,215	\$ 5,140,584	\$ (346,397)	\$ 8,326,402
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Line of credit	\$ 1,000,000	\$ 324,678(15)		
		(1,324,678)(16)		
Current portion of long-term debt		200,000	148,258(16)	348,258
Accounts payable and accrued liabilities	\$ 713,260	1,391,222		2,104,482
Customer deposits		389,371		389,371
Total current liabilities	713,260	2,980,593	(851,742)	2,842,111
Deferred income taxes	5,000			5,000
Long-term debt		216,613	1,176,420(16)	1,393,033 (17)
Stockholders' equity:				
Common stock at par	52,007	169,750	(169,750) (4)	172,531
		120,524 (5)		
Treasury stock	(68,750)		(68,750)	
Additional paid-in capital	2,152,423		381,104 (6)	2,533,527
Retained earnings	678,275	1,773,628	(678,275) (6)	1,448,950
		(324,678)(15)		

Total stockholders' equity	2,813,955	1,943,378	(671,075)	4,086,258
Total liabilities and stockholders' equity	\$ 3,532,215	\$ 5,140,584	\$ (346,397)	\$ 8,326,402

</TABLE>

The accompanying notes are an integral part of the Unaudited Pro Forma Combined Condensed Financial Statements.

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<TABLE>
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UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 1997				SIX MONTHS ENDED JUNE 30, 1998			
	HISTORICAL METRO TEL	HISTORICAL STEINER-ATLANTIC	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED	HISTORICAL METRO TEL	HISTORICAL STEINER-ATLANTIC	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	4,148,930	\$ 14,093,632	\$ 18,242,562	\$ 1,820,035	\$ 7,747,321		\$ 9,567,356	
Cost of sales	2,531,317	10,344,113	\$ 159,650(7)	13,035,080	1,320,783	5,856,339	7,177,122	
Gross profit	1,617,613	3,749,519	(159,650)	5,207,482	499,252	1,890,982	2,390,234	
Selling, general and administrative	1,252,585	3,474,421	(25,133)(8)	3,951,873	919,475	1,698,058	\$(12,567)(10)	1,929,966
		(750,000)(11)		(300,000)(12)		(375,000)(11)		
Research and development	218,155		218,155	116,566			116,566	
Operating income (loss)	146,873	275,098	615,483	1,037,454	(536,789)	192,924	687,567	343,702
Interest expense		60,940	162,166(14)	223,106		26,509	69,290(14)	95,799
Interest and other income	8,939	295,967		304,906	4,826	277,778		282,604
Income (loss) before tax	155,812	510,125	453,317	1,119,254	(531,963)	444,193	618,277	530,507
Income tax expense (benefit)	65,300		363,763(9)	429,063	(162,900)		367,055(9)	204,155
Net income (loss)	90,512	\$ 510,125	\$ 89,554	690,191	\$(369,063)	\$ 444,193	\$ 251,222	\$ 326,352
Weighted average shares outstanding								
Basic	2,051,268		4,820,954(5)	6,872,222	2,054,046		4,820,954(5)	6,875,000
Diluted	2,074,668		4,820,954(5)	6,895,622	2,054,046		4,869,554(13)	6,923,600
Earnings (loss) per common share								
Basic	0.04		\$ 0.10	\$ (0.18)		\$ 0.05		
Diluted	0.04		0.10	(0.18)		0.05		

The accompanying notes are an integral part of the Unaudited Pro Forma Combined Condensed Financial Statements.

</TABLE>

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- (1) Adjustment for purchase accounting applied to the Company's net assets acquired by Steiner.
- (2) Adjustment to eliminate goodwill recorded on the Company's historical financial statements.
- (3) To reflect excess of cost over acquired net assets. Such goodwill and related amortization is subject to possible adjustment resulting from completion of the valuation of the Company's assets and liabilities.
- (4) To reflect elimination of Steiner Common Stock at par deemed purchased by the Company.
- (5) To reflect issuance of 4,720,954 shares of the Company's common stock to former Steiner stockholders and 100,000 shares to the Company's financial advisor.
- (6) To reflect elimination of the Company's historical retained earnings and adjustment to additional paid-in-capital for purchase accounting.
- (7) Adjustment for additional cost of goods sold due to write-up of the Company's inventory in purchase accounting.
- (8) To reflect elimination of amortization on historical Company goodwill of \$29,817 and new amortization on excess of purchase price over acquired net assets of the Company of \$4,684 using an estimated life of 15 years.
- (9) The estimated tax effect on the pro forma adjustments and the combined operations.
- (10) To reflect elimination of amortization on historical Company goodwill of \$14,909 and new amortization on excess of purchase price over acquired net assets of the Company of \$2,342 using an estimated life of 15 years.
- (11) Adjustment for executive compensation excluding the agreed upon salary to be paid to Michael J. Steiner after consummation of the transaction.
- (12) To reflect elimination of \$300,000 of non-recurring transaction costs.
- (13) To reflect issuance of 4,720,954 shares of the Company's common stock to former Steiner stockholders and 100,000 shares to the Company's financial advisor and an adjustment of 48,600 shares for the assumed exercise of outstanding stock options of the Company.
- (14) Adjustment for additional interest expense incurred on debt used by Steiner to pay undistributed S-corporation earnings to Steiner shareholders per the Merger Agreement.
- (15) To reflect additional debt and payment of undistributed S-corporation earnings to Steiner shareholders.
- (16) Adjustment to reclassify existing debt arrangements to term loan.
- (17) Does not include borrowings subsequent to June 30, 1998.

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COMPARATIVE PER SHARE DATA (UNAUDITED)

The following table presents, as of the dates and for the periods indicated on the basis indicated in the footnote to the table, the: (a) book value per common share and (b) income (loss) from continuing operations per common share: (i) on a historical basis for each of the Company and Steiner, and (ii) on a pro forma basis for the Company for determining book value, assuming the Merger had been effective at June 30, 1998, and for determining income (loss), assuming the Merger had been effective at January 1, 1997. The following data should be read in conjunction with the historical financial statements and the Selected Pro Forma Combined Condensed Financial Statements of the Company and Steiner included elsewhere in this Proxy Statement. See "INDEX TO FINANCIAL STATEMENTS".

<TABLE>
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	PER SHARE OF COMMON STOCK	
	BOOK VALUE(1)	INCOME (LOSS)(1)
<S>	<C>	<C>
THE COMPANY - HISTORICAL		
As of June 30, 1998 and for the year then ended.....	1.37	(.17)
STEINER - HISTORICAL		
As of December 31, 1997 and for the year then ended.....	.73	.11
For the six months ended June 30, 1997.....		.08
As of June 30, 1998 and for the six months then ended.....	.41	.09
THE COMPANY EQUIVALENT PRO FORMA COMBINED		
For the year ended December 31, 1997.....		.01
As of June 30, 1998 and for the six months then ended.....	.59	.05

</TABLE>

- (1) For comparability purposes, book value and income (loss) per share data for Steiner is based upon 4,720,954 weighted average common shares outstanding for the dates and periods indicated.

EXHIBIT 99.3

1991 STOCK OPTION PLAN

of

METRO-TEL CORP.

(As Amended Through October 29, 1998)

1. PURPOSES OF THE PLAN. This stock option plan (the "Plan") is designed to promote the interests of Metro-Tel Corp., a Delaware corporation (the "Company"), and its present and future subsidiary corporations, as defined in Paragraph 19 ("Subsidiaries"), in attracting and retaining key employees (including directors and officers who are key employees) by enabling them to acquire or increase a proprietary interest in the Company, to benefit from appreciation in the value of the Company's Common Stock and, thus, participate in the long-term growth of the Company. The Plan provides for the grant of "incentive stock options" ("ISOs") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and nonqualified stock options ("NQSOS"), but the Company makes no warranty as to the qualification of any option as an "incentive stock option" under the Code.

2. STOCK SUBJECT TO THE PLAN. Subject to the provisions of Paragraph 12, the aggregate number of shares of Common Stock, \$.025 par value per share, of the Company ("Common Stock") for which options may be granted under the Plan shall not exceed 850,000. Such shares of Common Stock may, in the discretion of the Board of Directors of the Company (the "Board of Directors"), consist either in whole or in part of authorized but unissued shares of Common Stock or shares of Common Stock held in the treasury of the Company. The Company shall at all times during the term of the Plan reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of the Plan. Subject to the provisions of Paragraph 13, any shares of Common Stock subject to an option which for any reason expires, is canceled or is terminated unexercised or which ceases for any reason to be exercisable shall again become available for the granting of options under the Plan.

3. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Board of Directors which, to the extent it shall determine may delegate its powers with respect to the administration of the Plan to a Committee of the Board of Directors of the Company consisting of not less than two directors, each of whom shall be a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule or regulation) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). References in the Plan to determinations or actions by the Committee shall be deemed to include determinations and actions by the Board of Directors.

Subject to the express provisions of the Plan, the Committee shall have the authority, in its sole discretion, to determine the key employees who shall receive options; the times when they shall receive options; whether an option shall be an ISO or a NQSO; the number of shares of Common Stock to be subject to each option; the term of each option; the date each option shall become exercisable; whether an option shall be exercisable in whole, in part or in installments, and,

if in installments, the number of shares of Common Stock to be subject to each installment, the date each installment shall become exercisable and whether the installments shall be cumulative; whether to accelerate the date of exercise of any option or installment; whether shares of Common Stock may be issued on exercise of an option as partly paid, and, if so, the dates when future installments of the exercise price shall become due and the amounts of such installments; the exercise price of each option; the form of payment of the exercise price; the amount, if any, necessary to satisfy the Company's obligation to withhold taxes; whether to restrict the sale or other disposition of the shares of Common Stock acquired upon the exercise of an option and to waive any such restriction; whether to subject the exercise of all or any portion of an option to the fulfillment of contingencies as specified in the Contract referred to in Paragraph 11 (the "Contract"), including without limitation, contingencies relating to entering into a covenant not to compete with the Company and its Parent and Subsidiaries, to financial objectives for

the Company, a Subsidiary, a division, a product line or other category, and/or the period of continued employment of the optionee with the Company, its Parent or its Subsidiaries, and to determine whether such contingencies have been met; to construe the respective Contracts and the Plan; with the consent of the optionee, to cancel or modify an option, provided such option as modified would be permitted to be granted on such date under the terms of the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; and to make all other determinations necessary or advisable for administering the Plan. The determinations of the Committee on the matters referred to in this Paragraph 3 shall be conclusive.

4. ELIGIBILITY. The Committee may, consistent with the purposes of the Plan, grant options from time to time, to key employees (including directors and officers who are key employees) of the Company or any of its Subsidiaries. Options granted shall cover such number of shares of Common Stock as the Committee may determine; provided, however, that the aggregate market value (determined at the time the option is granted) of the shares of Common Stock for which any eligible person may be granted ISOs under the Plan or any other plan of the Company, or of a Parent or a Subsidiary of the Company, which are exercisable for the first time by such optionee during any calendar year shall not exceed \$100,000. The \$100,000 ISO limitation shall be applied by taking ISOs into account in the order in which they were granted. Any option (or the portion thereof) granted in excess of such amount shall be treated as a NQSO.

5. EXERCISE PRICE. The exercise price of the shares of Common Stock under each option shall be determined by the Committee; provided, however, that the exercise price shall not be less than 100% of the fair market value of the Common Stock subject to such option on the date of grant; and further provided, that if, at the time an ISO is granted, the optionee owns (or is deemed to own under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, of any of its Subsidiaries or of a Parent, the exercise price of such ISO shall not be less than 110% of the fair market value of the Common Stock subject to such ISO on the date of grant.

The fair market value of the Common Stock on any day shall be (a) if the principal market for the Common Stock is a national securities exchange, the average between the high and low sales prices of the Common Stock on such day as reported by such exchange or on a

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consolidated tape reflecting transactions on such exchange, (b) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is quoted on the National Association of Securities Dealers Automated Quotations System ("NASDAQ"), and (i) if actual sales price information is available with respect to the Common Stock, the average between the high and low sales prices of the Common Stock on such day on NASDAQ, or (ii) if such information is not available, the average between the highest bid and the lowest asked prices for the Common Stock on such day on NASDAQ, or (c) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is not quoted on NASDAQ, the average between the highest bid and lowest asked prices for the Common Stock on such day as reported on the NASDAQ OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided that if clauses (a), (b) and (c) of this Paragraph are all inapplicable, or if no trades have been made or no quotes are available for such day, the fair market value of the Common Stock shall be determined by the Committee by any method consistent with applicable regulations adopted by the Treasury Department relating to stock options. The determination of the Committee shall be conclusive in determining the fair market value of the stock.

6. TERM OF OPTIONS. The term of each option granted pursuant to the Plan shall be such term as is established by the Committee, in its sole discretion, at or before the time such option is granted; provided, however, that the term of each ISO granted pursuant to the Plan shall be for a period not exceeding ten (10) years from the date of grant thereof, and further, provided, that if, at the time an ISO is granted, the optionee owns (or is deemed to own under Section 424(d) of the Code) stock possessing more than ten (10%) percent of the total combined voting power of all classes of stock of the Company, of any of its Subsidiaries or of a Parent, the term of the ISO shall be for a period not exceeding five (5) years from the date of grant. Options shall be subject to earlier termination as hereinafter provided.

7. EXERCISE. An option (or any part or installment thereof), to the extent then exercisable, shall be exercised by giving written notice to the Company (attention: President) at its principal office, stating which ISO or NQSO is being exercised, specifying the number of shares of Common Stock as to which such option is being exercised and accompanied by payment in full of the aggregate exercise price therefor (or the amount due on exercise if the Contract permits installment payments) (a) in cash or by certified check or (b) with the consent of the Committee (in the Contract or otherwise), with previously acquired shares of Common Stock having an aggregate fair market value, on the date of exercise, equal to the aggregate exercise price of all options being exercised, or with any combination of cash, certified check or shares of Common Stock. The Committee may, in its discretion, permit payment of the exercise price of options by delivery of a properly executed exercise notice, together with a copy of irrevocable instructions from the Optionee to a broker (acceptable to the Committee) to deliver promptly to the Company the amount of sale or loan proceeds to pay such exercise price. To facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms.

A person entitled to receive Common Stock upon the exercise of an option shall not have the rights of a stockholder with respect to such shares of Common Stock until the date of

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issuance of a stock certificate to him for such shares; provided, however, that until such stock certificate is issued, any option holder using previously acquired shares of Common Stock in payment of an option exercise price shall continue to have the rights of a stockholder with respect to such previously acquired shares.

No option may be exercised in an amount less than 100 shares (or the remaining shares then covered by the option if less than 100 shares). In no case may a fraction of a share of Common Stock be purchased or issued under the Plan.

8. TERMINATION OF EMPLOYMENT. Any holder of an option whose employment with the Company (and its Parent and Subsidiaries) has terminated for any reason other than his death or Disability (as defined in Paragraph 19) may exercise such option, to the extent exercisable on the date of such termination, at any time within three months after the date of termination, but not thereafter and in no event after the date the option would otherwise have expired; provided, however, that if his employment shall be terminated either (a) for cause, or (b) without the consent of the Company, said option shall terminate immediately upon termination of employment. Options granted under the Plan shall not be affected by any change in the status of the holder so long as he continues to be a full-time employee of the Company, its Parent or any of the Subsidiaries (regardless of having been transferred from one corporation to another).

For the purposes of the Plan, an employment relationship shall be deemed to exist between an individual and a corporation if, at the time of the determination, the individual was an employee of such corporation for purposes of Section 422(a) of the Code. As a result, an individual on military, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of the Plan during such leave if the period of the leave does not exceed 90 days, or, if longer, so long as the individual's right to reemployment with the Company (or a related corporation) is guaranteed either by statute or by contract. If the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

Nothing in the Plan or in any option granted under the Plan shall confer on any individual any right to continue in the employ of the Company, its Parent or any of its Subsidiaries, or interfere in any way with the right of the Company, its Parent or any of its Subsidiaries to terminate the employee's employment at any time for any reason whatsoever without liability to the Company, its Parent or any of its Subsidiaries.

9. **DISABILITY OR DEATH OF AN OPTIONEE.** Any optionee whose employment has terminated by reason of Disability may exercise his option, to the extent exercisable upon the effective date of such termination, at any time within one year after such date, but not thereafter and in no event after the date the option would otherwise have expired.

If an optionee dies (a) while he is employed by the Company, its Parent or any of its Subsidiaries, (b) within three months after the termination of his employment (unless such termination

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was for cause or without the consent of the Company or by reason of Disability) or (c) within one year following the termination of his employment by reason of Disability, the option may be exercised, to the extent exercisable on the date of his death, by his executor, administrator or other person at the time entitled by law to his rights under such option, at any time within one year after death, but not thereafter and in no event after the date the option would otherwise have expired.

10. **COMPLIANCE WITH SECURITIES LAWS.** The Committee may require in its discretion, as a condition to the exercise of any option, that either (a) a Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of Common Stock to be issued upon such exercise shall be effective and current at the time of exercise, or (b) in the opinion of counsel for the Company, there is an exemption from registration under the Securities Act for the issuance of such shares. Nothing herein shall be construed as requiring the Company to register shares subject to any option under the Securities Act. The Committee may require the optionee to execute and deliver to the Company his representation and warranty, in form and substance satisfactory to the Committee, that the shares of Common Stock to be issued upon the exercise of the option are being acquired by the optionee for his own account, for investment only and not with a view to the resale or distribution thereof. In addition, the Committee may require the optionee to represent and warrant in writing that any subsequent resale or distribution of shares of Common Stock by such optionee will be made only pursuant to (i) a Registration Statement under the Securities Act which is effective and current with respect to the shares of Common Stock being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption, the optionee shall prior to any offer of sale or sale of such shares of Common Stock provide the Company with a favorable written opinion of counsel, in form and substance satisfactory to the Company, as to the applicability of such exemption to the proposed sale or distribution.

In addition, if at any time the Committee shall determine in its discretion that the listing or qualification of the shares of Common Stock subject to such option on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to, or in connection with, the granting of an option or the issue of shares of Common Stock thereunder, such option may not be exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

11. **STOCK OPTION CONTRACTS.** Each option shall be evidenced by an appropriate Contract which shall be duly executed by the Company and the optionee, and shall contain such terms and conditions not inconsistent herewith as may be determined by the Committee.

12. **ADJUSTMENTS UPON CHANGES IN COMMON STOCK.** Notwithstanding any other provisions of the Plan, in the event of any change in the outstanding Common Stock by reason of a stock dividend, stock split, stock combination, recapitalization, merger or consolidation in which the Company is the surviving corporation, reorganization or the like, the aggregate number and kind of shares subject to the Plan, the aggregate number and kind of shares

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subject to each outstanding option and the exercise price thereof shall be appropriately adjusted by the Board of Directors, whose determination shall be conclusive.

In the event of (a) the liquidation or dissolution of the Company, (b) a merger or consolidation in which the Company is not the surviving corporation, or (c) any other capital reorganization in which more than 50% of the shares of Common Stock of the Company entitled to vote in the election of directors are exchanged, outstanding options shall terminate, unless other provision is made therefor in the transaction.

13. AMENDMENTS AND TERMINATION OF THE PLAN. The Plan was adopted by the Board of Directors on September 26, 1991. No option may be granted under the Plan after September 25, 2001. The Board of Directors, without further approval of the Company's stockholders, may at any time suspend or terminate the Plan, in whole or in part, or amend it from time to time in such respects as it may deem advisable, including, without limitation, in order that ISOs granted hereunder meet the requirements for "incentive stock options" under the Code, to comply with applicable requirements of the Securities Act and the Exchange Act, and to conform to any change in applicable law or to regulations or rulings of administrative agencies; provided, however, that no amendment shall be effective without the requisite prior or subsequent stockholder approval which would (a) change the class of those eligible to receive options, (b) except as contemplated in Paragraph 12, increase the maximum number of shares of Common Stock for which options may be granted under the Plan, (c) extend the term of the 1991 Plan or (d) materially increase the benefits to participants under the Plan. No termination, suspension or amendment of the Plan shall, without the consent of the holder of an existing option affected thereby, adversely affect his rights under such option. The power of the Committee to construe and administer any options granted under the Plan prior to the termination or suspension of the Plan nevertheless shall continue after such termination or during such suspension.

14. NON-TRANSFERABILITY OF OPTIONS. No option granted under the Plan shall be transferable otherwise than by will or the laws of descent and distribution, and options may be exercised, during the lifetime of the holder thereof, only by him or his legal representatives. Except to the extent provided above, options may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

15. WITHHOLDING TAXES. The Company may (i) require the holder of an option to pay, or the Company may withhold, cash, and/or (ii) with the consent of the Committee (in the Contract or otherwise), accept previously acquired shares of Common Stock and/or may withhold shares of Common Stock to be issued with respect to the option having an aggregate fair market value determined on the date of exercise of the option or date of disposition of the shares issued upon exercise of the option determined in accordance with Paragraph 5, in each case equal to the amount which it determines is necessary to satisfy its obligation to withhold Federal, state and local income taxes or other taxes incurred by reason of the grant or exercise of an option or the disposition of the underlying shares of Common Stock, as the case may be. The Company shall not be required to issue

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any shares of Common Stock pursuant to any such option until all required payments have been made.

16. LEGENDS; PAYMENT OF EXPENSES. The Company may endorse such legend or legends upon the certificates for shares of Common Stock issued upon exercise of an option under the Plan and may issue such "stop transfer" instructions to its transfer agent in respect of such shares as it determines, in its discretion, to be necessary or appropriate to (a) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act, (b) implement the provisions of the Plan or any agreement between the Company and the optionee with respect to such shares of Common Stock, or (c) permit the Company to determine the occurrence of a "disqualifying disposition,"

as described in Section 421(b) of the Code, of the shares of Common Stock transferred upon the exercise of an ISO granted under the Plan.

The Company shall pay all issuance taxes with respect to the issuance of shares of Common Stock upon the exercise of an option granted under the Plan, as well as all fees and expenses incurred by the Company in connection with such issuance.

17. USE OF PROCEEDS. The cash proceeds from the sale of shares of Common Stock pursuant to the exercise of options under the Plan shall be added to the general funds of the Company and used for such corporate purposes as the Board of Directors may determine.

18. SUBSTITUTIONS AND ASSUMPTIONS OF OPTIONS OF CERTAIN CONSTITUENT CORPORATIONS. Anything in this Plan to the contrary notwithstanding, the Board of Directors may, without further approval by the stockholders, substitute new options for prior options of a Constituent Corporation (as defined in Paragraph 19) or assume the prior options of such Constituent Corporation.

19. DEFINITIONS.

(a) Subsidiary. The term "Subsidiary" shall have the same definition as "subsidiary corporation" in Section 424(f) of the Code.

(b) Parent. The term "Parent" shall have the same definition as "parent corporation" in Section 424(e) of the Code.

(c) Constituent Corporation. The term "Constituent Corporation" shall mean any corporation which engages with the Company, its Parent or any Subsidiary in a transaction to which Section 424(a) of the Code applies (or would apply if the option assumed or substituted were an ISO), or any Parent or any Subsidiary of such corporation.

(d) Disability. The term "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

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20. GOVERNING LAW. The Plan, such options as may be granted hereunder and all related matters shall be governed by, and construed in accordance with, the laws of the State of Delaware.

21. PARTIAL INVALIDITY. The invalidity or illegality of any provision herein shall not affect the validity of any other provision.

22. STOCKHOLDER APPROVAL. The Plan shall be subject to approval by a majority of the votes present in person or by proxy at the next meeting of the Company's stockholders at which a quorum is present. No options granted hereunder may be exercised prior to such approval, provided that the date of grant of any options granted hereunder shall be determined as if the Plan had not been subject to such approval. Notwithstanding the foregoing, if the Plan is not approved by a vote of the stockholders of the Company on or before September 25, 1992, the Plan and any options granted hereunder shall terminate.

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