

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 26, 2004

or

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

For the transition period from _____ to _____

Commission file number 1-10948

Office Depot, Inc.

(Exact name of registrant as specified in its charter)

Office DEPOT

Delaware

(State or other jurisdiction of
incorporation or organization)

59-2663954

(I.R.S. Employer
Identification No.)

2200 Old Germantown Road; Delray Beach, Florida

(Address of principal executive offices)

33445

(Zip Code)

(561) 438-4800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 313,278,423 shares of common stock outstanding as of July 15, 2004.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1 FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Item 4 CONTROLS AND PROCEDURES

PART II. OTHER INFORMATION

Item 1 LEGAL PROCEEDINGS

Item 2 CHANGES IN SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Item 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Item 6 EXHIBITS AND REPORTS ON FORM 8-K

SIGNATURES

FIVE YEAR CREDIT AGREEMENT

CERTIFICATION OF THE CEO PURSUANT TO RULE 13a-14(a)/15d-14(a)

CERTIFICATION OF THE CFO PURSUANT TO RULE 13a-14(a)/15d-14(a)

CERTIFICATION OF THE CEO AND CFO PURSUANT TO SECTION 1350

PART I. FINANCIAL INFORMATION**Item 1 FINANCIAL STATEMENTS**

OFFICE DEPOT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	As of June 26, 2004	As of December 27, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 904,562	\$ 790,889
Short-term investments	151,019	100,234
Receivables, net	1,122,352	1,112,417
Merchandise inventories, net	1,167,536	1,336,341
Deferred income taxes	157,295	169,542
Prepaid expenses and other current assets	98,724	67,305
Total current assets	3,601,488	3,576,728
Property and equipment, net	1,282,729	1,244,295
Goodwill	1,001,322	1,004,122
Other assets	311,638	320,097
Total assets	<u>\$6,197,177</u>	<u>\$6,145,242</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$1,146,914	\$1,323,179
Accrued expenses and other current liabilities	780,354	809,073
Income taxes payable	186,349	132,085
Current maturities of long-term debt	9,576	12,916
Total current liabilities	2,123,193	2,277,253
Deferred income taxes and other long-term liabilities	263,256	244,600
Long-term debt, net of current maturities	825,126	829,302
Commitments and contingencies		
Stockholders' equity:		
Common stock - authorized 800,000,000 shares of \$.01 par value; issued 402,539,636 in 2004 and 398,822,742 in 2003	4,025	3,988
Additional paid-in capital	1,225,784	1,175,497
Unamortized value of long-term incentive stock grants	(1,683)	(1,362)
Accumulated other comprehensive income	175,253	214,764
Retained earnings	2,500,158	2,304,737
Treasury stock, at cost – 89,456,387 shares in 2004 and 88,628,803 in 2003	(917,935)	(903,537)
Total stockholders' equity	2,985,602	2,794,087
Total liabilities and stockholders' equity	<u>\$6,197,177</u>	<u>\$6,145,242</u>

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements ("Notes") herein and the Notes to Consolidated Financial Statements in the Office Depot, Inc. Form 10-K filed February 26, 2004 (the "2003 Form 10-K").

OFFICE DEPOT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)
(Unaudited)

	13 Weeks Ended		26 Weeks Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Sales	\$3,162,324	\$2,815,691	\$6,767,477	\$5,871,560
Cost of goods sold and occupancy costs	<u>2,188,628</u>	<u>1,955,575</u>	<u>4,657,789</u>	<u>4,052,466</u>
Gross profit	973,696	860,116	2,109,688	1,819,094
Store and warehouse operating and selling expenses	699,667	651,461	1,489,714	1,322,625
General and administrative expenses	150,809	126,698	316,765	251,972
Other operating expenses	<u>3,335</u>	<u>212</u>	<u>7,867</u>	<u>1,447</u>
Operating profit	119,885	81,745	295,342	243,050
Other income (expense):				
Interest income	4,416	4,505	7,872	9,855
Interest expense	(13,988)	(11,517)	(31,272)	(23,255)
Miscellaneous income, net	<u>3,768</u>	<u>13,606</u>	<u>8,418</u>	<u>16,166</u>
Earnings from continuing operations before income taxes and cumulative effect of accounting change	114,081	88,339	280,360	245,816
Income taxes	<u>34,224</u>	<u>28,710</u>	<u>84,939</u>	<u>82,252</u>
Earnings from continuing operations before cumulative effect of accounting change	79,857	59,629	195,421	163,564
Discontinued operations, net	—	—	—	1,153
Cumulative effect of accounting change, net	—	—	—	(25,892)
Net earnings	<u>\$ 79,857</u>	<u>\$ 59,629</u>	<u>\$ 195,421</u>	<u>\$ 138,825</u>
Earnings per share from continuing operations before cumulative effect of accounting change:				
Basic	\$ 0.26	\$ 0.19	\$ 0.63	\$ 0.53
Diluted	0.25	0.19	0.62	0.52
Cumulative effect of accounting change:				
Basic	—	—	—	(0.08)
Diluted	—	—	—	(0.08)
Net earnings per share:				
Basic	\$ 0.26	\$ 0.19	\$ 0.63	\$ 0.45
Diluted	0.25	0.19	0.62	0.45

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements in the 2003 Form 10-K.

OFFICE DEPOT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	June 26, 2004	26 Weeks Ended June 28, 2003
Cash flow from operating activities:		
Net earnings	\$ 195,421	\$ 138,825
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Cumulative effect of accounting change, net	—	25,892
Depreciation and amortization	127,772	110,761
Charges for losses on inventories and receivables	58,206	69,782
Changes in working capital and other	(73,765)	(171,127)
Net cash provided by operating activities	<u>307,634</u>	<u>174,133</u>
Cash flows from investing activities:		
Acquisition, net of cash acquired	(7,900)	(624,998)
Capital expenditures	(167,978)	(91,465)
Deposit on asset group purchase	(15,729)	—
Proceeds from disposition of assets and deposits received	28,786	38,938
Purchase of short-term investments	(50,000)	—
Sale of short-term investments	—	6,435
Net cash used in investing activities	<u>(212,821)</u>	<u>(671,090)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options and sale of stock under employee stock purchase plans	45,674	9,473
Proceeds from borrowings	—	24,258
Acquisition of treasury stock	(14,189)	—
Net payments on long- and short-term borrowings	(6,804)	(8,296)
Net cash provided by financing activities	<u>24,681</u>	<u>25,435</u>
Effect of exchange rate changes on cash and cash equivalents		
	<u>(5,821)</u>	<u>54,462</u>
Net increase (decrease) in cash and cash equivalents	113,673	(417,060)
Cash and cash equivalents at beginning of period	790,889	877,088
Cash and cash equivalents at end of period	<u>\$ 904,562</u>	<u>\$ 460,028</u>
Supplemental disclosure of other cash flow activities:		
Interest paid	\$ 30,773	\$ 20,170
Income taxes paid	35,337	63,386
Supplemental disclosure of non-cash investing and financing activities:		
Assets acquired under capital leases	\$ 14,100	\$ 684

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements in the 2003 Form 10-K.

OFFICE DEPOT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A – Basis of Presentation

Office Depot, Inc., including consolidated subsidiaries (the “Company”), is a global supplier of office products and services. Fiscal years are based on a 52- or 53-week period ending on the last Saturday in December. The condensed consolidated balance sheet at December 27, 2003 has been derived from audited financial statements at that date. The condensed interim financial statements as of June 26, 2004 and for the 13- and 26-week periods ending June 26, 2004 (also referred to as “the second quarter of 2004” and “the first half of 2004,” respectively) and June 28, 2003 (also referred to as “the second quarter of 2003” and “the first half of 2003,” respectively) are unaudited. However, in our opinion, these financial statements reflect all adjustments (consisting only of normal, recurring items) necessary to provide a fair presentation of our financial position, results of operations and cash flows for the periods presented. Certain prior year amounts have been reclassified to conform to the current year’s presentation.

These interim results are not necessarily indicative of the results that should be expected for the full year. For a better understanding of the Company and its financial statements, we recommend reading these condensed interim financial statements in conjunction with the Company’s audited financial statements for the year ended December 27, 2003, which are included in our 2003 Annual Report on Form 10-K, filed on February 26, 2004.

In January 2003, the Company sold its Australian business and reported the after-tax gain of \$1.2 million as discontinued operations. This gain was subsequently reduced to \$0.2 million during 2003 based upon resolution of sale-date estimates.

At the start of fiscal year 2003, the Company adopted Emerging Issues Task Force (“EITF”) Issue No. 02-16, *Accounting by a Reseller for Cash Consideration Received from a Vendor*. This accounting change resulted in a \$25.9 million after-tax charge, or \$0.08 per share, reflecting the cumulative effect of adoption.

On June 2, 2003, the Company acquired all of the common stock of Guilbert S.A. (“Guilbert”), a corporate group that represented one of the largest contract stationers in Europe. The activities of Guilbert have been reflected in the financial statements since the date of acquisition.

Note B – Accounting for Stock-Based Compensation

The Company accounts for its stock-based compensation plans under Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Had costs for these plans been determined using the fair value accounting method as prescribed in Statement of Financial Accounting Standard (“FAS”) No. 123, *Accounting for Stock-Based Compensation*, as amended, the Company would have recognized additional compensation expense as indicated in the pro forma information below.

[Table of Contents](#)

	Second Quarter		First Half	
	2004	2003	2004	2003
(In thousands, except per share amounts)				
Net earnings as reported	\$79,857	\$59,629	\$195,421	\$138,825
Stock based employee compensation cost included in net earnings as reported, net of tax	142	58	231	191
Compensation expense under FAS 123, net of tax	(4,765)	(5,987)	(9,471)	(10,879)
Pro forma net earnings	\$75,234	\$53,700	\$186,181	\$128,137
Net earnings per share – Basic				
As reported	\$ 0.26	\$ 0.19	\$ 0.63	\$ 0.45
Pro forma	0.24	0.17	0.60	0.42
Net earnings per share – Diluted				
As reported	\$ 0.25	\$ 0.19	\$ 0.62	\$ 0.45
Pro forma	0.24	0.17	0.59	0.41

Note C – Comprehensive Income

Comprehensive income represents all non-owner changes in stockholders' equity and consists of the following:

	Second Quarter		First Half	
	2004	2003	2004	2003
(In thousands)				
Net earnings	\$79,857	\$ 59,629	\$195,421	\$138,825
Other comprehensive income (loss):				
Foreign currency translation adjustments, net	(8,344)	62,660	(37,252)	78,381
Amortization of gain on cash flow hedge	(414)	—	(829)	—
Unrealized losses on available-for-sale securities	(1,114)	—	(1,430)	—
Total comprehensive income	\$69,985	\$122,289	\$155,910	\$217,206

Note D – Asset Group Purchase

In March 2004, the Company announced it had reached an agreement with Toys “R” Us, Inc. to acquire 124 of their former Kids “R” Us stores for \$197 million in cash plus the assumption of lease obligations. Also in March, the Company reached an agreement with PETCO Animal Supplies, Inc. under which PETCO agreed to acquire from the Company 20 of the former Kids “R” Us stores for approximately \$45 million in cash plus the assumption of related lease obligations. Through the end of the second quarter, the Company has closed on the purchase of 25 stores and 15 stores have been removed from the transaction through price adjustments and mutual agreement. Of the total stores to be acquired (currently 109, after the agreed upon removals), the Company plans to convert 45 to 50 of these stores to Office Depot retail stores and intends to sell or sublet the remaining stores. The remaining portions of this transaction are expected to close in phases over the second half of 2004.

[Table of Contents](#)

Note E – Earnings Per Share (“EPS”)

The information required to compute basic and diluted EPS is as follows:

	Second Quarter		First Half	
	2004	2003	2004	2003
(In thousands, except share amounts)				
Numerator:				
Net earnings	\$ 79,857	\$ 59,629	\$195,421	\$138,825
Denominator:				
Weighted average shares outstanding:				
Basic	312,356	308,560	311,309	308,267
Effect of dilutive stock options	4,638	3,752	4,567	3,499
Diluted	<u>316,994</u>	<u>312,312</u>	<u>315,876</u>	<u>311,766</u>
EPS:				
Basic	\$ 0.26	\$ 0.19	\$ 0.63	\$ 0.45
Diluted	\$ 0.25	\$ 0.19	\$ 0.62	\$ 0.45

Options to purchase approximately 12.5 million shares of common stock were not included in our computation of diluted earnings per share for the second quarter of 2004 because their weighted average effect would have been anti-dilutive.

Note F – Segment Information

The following is a summary of our significant accounts and balances by segment, reconciled to consolidated totals. The International Group referred to below was formerly referred to as the International Division; no changes have been made to operations or balances.

	Sales			
	Second Quarter		First Half	
	2004	2003	2004	2003
(In thousands)				
International Group	\$ 826,850	\$ 570,874	\$1,801,627	\$1,073,411
Business Services Group	995,494	967,602	2,021,881	1,991,868
North American Retail Division	1,340,495	1,278,054	2,945,070	2,807,844
Total reportable segments	3,162,839	2,816,530	6,768,578	5,873,123
Eliminations	(515)	(839)	(1,101)	(1,563)
Total	<u>\$3,162,324</u>	<u>\$2,815,691</u>	<u>\$6,767,477</u>	<u>\$5,871,560</u>

	Segment Operating Profit			
	Second Quarter		First Half	
	2004	2003	2004	2003
(In thousands)				
International Group	\$106,782	\$ 70,655	\$243,886	\$143,345
Business Services Group	95,984	91,669	192,805	188,714
North American Retail Division	71,311	46,419	183,597	164,573
Total reportable segments	274,077	208,743	620,288	496,632
Eliminations	(48)	(88)	(314)	(163)
Total	<u>\$274,029</u>	<u>\$208,655</u>	<u>\$619,974</u>	<u>\$496,469</u>

[Table of Contents](#)

A reconciliation of the measure of segment operating profit to consolidated earnings from continuing operations before income taxes and cumulative effect of accounting change is as follows:

	Second Quarter		First Half	
	2004	2003	2004	2003
(In thousands)				
Total segment operating profit	\$ 274,029	\$ 208,655	\$ 619,974	\$ 496,469
General and administrative expenses	(150,809)	(126,698)	(316,765)	(251,972)
Interest income	4,416	4,505	7,872	9,855
Interest expense	(13,988)	(11,517)	(31,272)	(23,255)
Other, net	433	13,394	551	14,719
Earnings from continuing operations before income taxes and cumulative effect of accounting change	<u>\$ 114,081</u>	<u>\$ 88,339</u>	<u>\$ 280,360</u>	<u>\$ 245,816</u>

The Company has been reviewing the costs and benefits of additional allocations of general and administrative and other expenses to the operating segments but has not yet concluded this analysis.

Total assets and goodwill by segment are as follows:

	Total Assets		Goodwill	
	June 26, 2004	December 27, 2003	June 26, 2004	December 27, 2003
(In thousands)				
International Group	\$2,210,594	\$2,255,846	\$ 769,682	\$ 772,433
Business Services Group	985,934	988,753	229,950	229,950
North American Retail Division	1,507,282	1,551,734	1,690	1,739
Total from reportable segments	4,703,810	4,796,333	1,001,322	1,004,122
Other	1,493,367	1,348,909	—	—
Total	<u>\$6,197,177</u>	<u>\$6,145,242</u>	<u>\$1,001,322</u>	<u>\$1,004,122</u>

The reduction in goodwill assigned to the International Group reflects a net decrease in Guilbert-related integration balances, primarily from completion or adjustments to plans and values estimated in initial purchase accounting balances. Changes in currency exchange rates also affected the balances assigned to the International Group and North American Retail Division.

Note G – Pension Disclosures

The Company assumed two defined benefit pension plans in connection with the acquisition of Guilbert in June 2003. Actuarial information for these plans was not available until the fourth quarter of 2003. Pension-related disclosures for 2004 are as follows:

	Second Quarter	First Half
(In millions)		
Service cost	\$ 2.1	\$ 4.3
Interest cost	2.2	4.3
Expected return on assets	(1.6)	(3.2)
Net periodic pension cost	<u>\$ 2.7</u>	<u>\$ 5.4</u>
Amount funded	<u>\$ 1.5</u>	<u>\$ 3.1</u>

Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Office Depot, Inc., together with our subsidiaries (collectively, the "Company"), is a global supplier of office products and services. We sell to consumers and businesses of all sizes through our three business segments: International Group, Business Services Group ("BSG"), and North American Retail Division. In prior periods, our International Group was referred to as the International Division; no changes have been made to operations or balances.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist you in better understanding and evaluating our financial condition and results of operations. We recommend that you read this MD&A in conjunction with our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q, as well as our 2003 Annual Report on Form 10-K.

This MD&A contains a significant amount of forward-looking information. Without limitation, when we use the words "estimate," "plan," "probably," "should," "may," "project," "intend," "expect," "believe," "anticipate," "continue," and similar expressions in this Quarterly Report on Form 10-Q, we are identifying forward-looking statements. Our Cautionary Statements, which you will find following this MD&A and following the MD&A in our 2003 Annual Report on Form 10-K, apply to these forward-looking statements.

RESULTS OF OPERATIONS

OVERVIEW

Diluted earnings per share increased to \$0.25 for the second quarter of 2004 and \$0.62 for the six months ended in June 2004, compared to \$0.19 and \$0.45 for the same periods in 2003. The increase in earnings reflects growth in the International Group with the addition of Guilbert S.A. ("Guilbert") in June 2003 and positive foreign currency effects, as well as lower operating costs in BSG, and continued positive comparable store ("comp") sales in North American Retail Division. GAAP earnings of \$0.25 per share for the second quarter of 2004 include a one-time gain of \$0.02 per share from the settlement of certain claims related to our distribution network in Europe. The Company expects to incur expenses (including capital expenditures) in future fiscal periods related to this facility, and those costs may equal or exceed the gain realized from this recovery.

During the second quarter of 2003, the Company recognized a foreign currency gain of \$0.03 per share from holding foreign currency in advance of the acquisition of Guilbert. Additional information about the Company's performance for the quarter and year-to-date is provided in the discussion of segment results below.

At the start of fiscal year 2003, the Company adopted Emerging Issues Task Force ("EITF") Issue No. 02-16, *Accounting by a Reseller for Cash Consideration Received from a Vendor*. This accounting change resulted in a \$25.9 million after-tax charge, or \$0.08 per share, reflecting the cumulative effect of adoption.

The operations of Guilbert have been included in our financial statements since June 2, 2003, the date of acquisition. Accordingly, the second quarter and first half of 2003 include only one month of Guilbert operations, compared to three and six months of Guilbert operations in 2004.

[Table of Contents](#)

Overall	Second Quarter				First Half			
	2004		2003		2004		2003	
(\$ in millions)								
Sales	\$3,162.3	100.0%	\$2,815.7	100.0%	\$6,767.5	100.0%	\$5,871.6	100.0%
Cost of goods sold and occupancy costs	2,188.6	69.2%	1,955.6	69.5%	4,657.8	68.8%	4,052.5	69.0%
Gross profit	973.7	30.8%	860.1	30.5%	2,109.7	31.2%	1,819.1	31.0%
Store and warehouse operating and selling expenses	699.7	22.1%	651.5	23.1%	1,489.7	22.0%	1,322.6	22.5%
Segment operating profit	274.0	8.7%	208.6	7.4%	620.0	9.2%	496.5	8.5%
General and administrative expenses	150.8	4.8%	126.7	4.5%	316.8	4.7%	252.0	4.3%
Other operating expenses, net	3.3	0.1%	0.2	0.0%	7.9	0.1%	1.4	0.0%
Operating profit	\$ 119.9	3.8%	\$ 81.7	2.9%	\$ 295.3	4.4%	\$ 243.1	4.2%

The table above provides a subtotal for segment operating profit. We use this measure of performance to assess the operations of each business unit, and we believe it is useful to investors because it reflects each segment's direct activity. Our general and administrative expenses primarily consist of personnel and related costs associated with global support functions. Because these functions support all segments of our business, we do not consider these costs, or interest and certain other costs, in determining our segment profitability. Other companies may charge more or less general and administrative expenses and other costs to their segments, and our results therefore may not be comparable to similarly titled measures used by other entities. Our measure of segment operating profit should not be considered as an alternative to operating income or net earnings determined in accordance with accounting principles generally accepted in the United States of America.

INTERNATIONAL GROUP

	Second Quarter				First Half			
	2004		2003		2004		2003	
(\$ in millions)								
Sales	\$826.8	100.0%	\$570.9	100.0%	\$1,801.6	100.0%	\$1,073.4	100.0%
Cost of goods sold and occupancy costs	505.3	61.1%	341.8	59.9%	1,104.1	61.3%	634.3	59.1%
Gross profit	321.5	38.9%	229.1	40.1%	697.5	38.7%	439.1	40.9%
Store and warehouse operating and selling expenses	214.7	26.0%	158.5	27.8%	453.6	25.2%	295.8	27.6%
Segment operating profit	\$106.8	12.9%	\$ 70.6	12.3%	\$ 243.9	13.5%	\$ 143.3	13.3%

Sales in the International Group increased 45% (38% in local currency) in the second quarter and 68% (56% in local currency) in the first half of 2004, compared to the same periods in 2003. The increase in sales reflects additional revenue generated by the Guilbert contract business, whose operations have been included in our International results since acquisition on June 2, 2003. The change in exchange rates from the corresponding periods of the prior year increased sales reported in U.S. dollars by \$42.0 million for the quarter and \$122.9 million for the first half of the year. Second quarter sales measured in U.S. dollars increased in all countries, while local

[Table of Contents](#)

currency declines were primarily in Germany, the Netherlands and Japan. European catalog sales declined slightly, as continued improvement in the United Kingdom was offset by softness in other major European countries. Catalog sales in recently opened markets continue to show strong percentage growth. Comparable contract sales declined in the quarter and year to date. European retail comp sales were positive for the second consecutive quarter, and positive comps are expected to continue over the second half of 2004.

Gross profit as a percentage of sales decreased in both the second quarter and first half of 2004, reflecting a higher mix of lower margin contract sales, partially offset by better buying and increased purchasing discounts following our acquisition of Guilbert.

The increase in total store and warehouse operating and selling expenses primarily reflects the addition of the Guilbert operations, partially offset by planned cost reductions. Additionally, during the second quarter of 2004, the Company recognized a \$9.4 million gain from the settlement of certain claims related to our distribution network in Europe. The Company expects to incur expenses (including capital expenditures) in future fiscal periods related to this facility, and those costs may equal or exceed the gain realized from this recovery.

The Company has reached an agreement with its French Works Council on the planned closure of an existing Office Depot warehouse in France by mid-2005. These operations will be transferred to a newly constructed warehouse with less costly and more efficient operations. We expect severance-related and relocation costs to be approximately \$19 million. Severance costs will be recognized over the employees' future service period, and other costs will be recognized as incurred.

Segment operating profit was positively affected by foreign exchange rates during the second quarter and first half by \$7.1 million and \$19.9 million, respectively, when translated into U.S. dollars.

In April 2004, the Company announced the acquisition of the business in Hungary that previously operated Office Depot retail stores and a direct sales business under an Office Depot license agreement. The acquisition will be the Company's first expansion into Eastern Europe as a wholly owned business, rather than under non-investment based licensed agreements. The acquisition and subsequent expansion adds four retail stores, a distribution center and additional Internet sales capabilities to the International Group's operations. Future expansion is expected to add up to 17 stores in Hungary by the end of 2006. The acquisition did not have a significant impact on operations for the second quarter.

BUSINESS SERVICES GROUP

(\$ in millions)	Second Quarter				First Half			
	2004		2003		2004		2003	
Sales	\$995.5	100.0%	\$967.6	100.0%	\$2,021.9	100.0%	\$1,991.9	100.0%
Cost of goods sold and occupancy costs	<u>683.1</u>	68.6%	<u>651.6</u>	67.3%	<u>1,377.2</u>	68.1%	<u>1,342.8</u>	67.4%
Gross profit	312.4	31.4%	316.0	32.7%	644.7	31.9%	649.1	32.6%
Store and warehouse operating and selling expenses	<u>216.4</u>	21.7%	<u>224.3</u>	23.2%	<u>451.9</u>	22.4%	<u>460.4</u>	23.1%
Segment operating profit	<u>\$ 96.0</u>	9.7%	<u>\$ 91.7</u>	9.5%	<u>\$ 192.8</u>	9.5%	<u>\$ 188.7</u>	9.5%

Business Services Group sales increased 3% in the second quarter and 2% in the first half of 2004. The increase reflects 3% growth in the contract business for both the quarter and year-to-date, offset by catalog sales declines early in the year. Catalog sales have shown improved trends during the second quarter of 2004. Domestic e-commerce sales grew by 12% for both the second quarter and for the first half of 2004. Total BSG sales in the furniture, supplies, and technology categories increased in both periods. Catalog sales of paper and other supplies declined during the second quarter.

The decline in gross profit as a percent of sales reflects increased catalog and e-commerce promotional activity, as well as absorption of higher product costs in some categories and a higher percentage of contract business that operates at somewhat lower margins.

Total store and warehouse operating and selling expenses decreased in both the second quarter and first half of 2004 compared to the same periods in 2003, reflecting continued success in streamlining operations. As the Company has shifted toward third party deliveries, those fees have increased, while payroll and in-house delivery-related costs have declined resulting in an overall decline in delivery costs as a percent of sales. Also during the period, advertising expense and accounts receivable collection fees declined.

NORTH AMERICAN RETAIL DIVISION

(\$ in millions)	Second Quarter				First Half			
	2004		2003		2004		2003	
Sales	\$1,340.5	100.0%	\$1,278.1	100.0%	\$2,945.1	100.0%	\$2,807.8	100.0%
Cost of goods sold and occupancy costs	<u>1,000.6</u>	74.6%	<u>962.6</u>	75.3%	<u>2,177.2</u>	73.9%	<u>2,076.1</u>	73.9%
Gross profit	339.9	25.4%	315.5	24.7%	767.9	26.1%	731.7	26.1%
Store and warehouse operating and selling expenses	<u>268.6</u>	20.1%	<u>269.1</u>	21.1%	<u>584.3</u>	19.9%	<u>567.1</u>	20.2%
Segment operating profit	<u>\$ 71.3</u>	5.3%	<u>\$ 46.4</u>	3.6%	<u>\$ 183.6</u>	6.2%	<u>\$ 164.6</u>	5.9%

Sales in the North American Retail Division increased 5%, both in the second quarter and in the first half of 2004, compared to the same periods in 2003. Comparable store sales in the 867 stores in the U.S. and Canada that have been open for more than one year increased 3% for both the second quarter and the first half of 2004.

Table of Contents

The increase in comparable sales for the second quarter was driven by an 18% increase in sales in the overall technology category and a 4% increase in furniture, reflecting focused advertising, as well as additional product selection and remerchandising efforts. For the six months ended June 2004, comparable sales of the overall technology category increased 15% and furniture increased 6%. While furniture increased, the aggregate furniture and other category declined 2% for the quarter and first half of 2004. Sales of core office supplies decreased 3% for the quarter and 1% for the first half of 2004, in part reflecting the higher sales in 2003 from the launch of Ink Depot. The number of comparable transactions decreased in our retail stores while average transaction size increased for both the second quarter and first half of 2004. In March 2004, the Company launched a customer loyalty program in an effort to drive traffic and increase sales and has registered over one million initial members.

Gross profit for the quarter and first half benefited from top line sales growth. Increases in sales of technology products, which generally have lower margins, adversely affected gross profit as a percentage of sales, but stronger furniture sales and lower occupancy costs provided benefits in both periods. Gross margin percentages in core office supply categories increased on a year-over-year basis. Additionally, enhanced product control and placement reduced inventory shrinkage during the period. These benefits were partially offset by costs associated with the loyalty program.

Store payroll expenses gained leverage from increased sales. Employee expenses declined from an improved staffing model, partially offset by increased benefit costs. Store operating costs declined, primarily from favorable comparisons to higher operating costs incurred in 2003 relating to the launch of Ink Depot. However, these savings were partially offset by planned higher advertising expenses in 2004 compared to the same period in the prior year. For the first half of 2004, operating expenses also reflect activities associated with three store closures.

During the second quarter, the Company opened one new retail store, bringing to four the number of new retail stores opened in the first half of 2004, and the total stores operated throughout the United States and Canada to 901. The North American Retail Division also sells through non-traditional locations such as military bases and grocery store locations. The number of non-traditional locations totaled 17 for the second quarter of 2004 and 10 for the same period in 2003.

The Company announced plans to acquire 124 former Kids “R” Us retail store locations from Toys “R” Us, Inc. As previously announced, the Company plans to dispose of a number of these stores, and to open approximately 45 to 50 Office Depot retail stores in the former Kids “R” Us locations that will be retained. This purchase will be completed in phases, with some stores transferred during the second quarter. Including the stores relating to this acquisition, the Company expects to open approximately 80 new stores during 2004.

On June 30, 2004, the Company revealed a new store format that has been designed to be more appealing to customers and less costly to construct and operate. This format, referred to as “M2,” is expected to be used in all future new store openings and in approximately 40 remodels during the remainder of 2004.

CORPORATE AND OTHER

Income and expenses not allocated to our business segments consist of general and administrative expenses, interest income and expense, income taxes and inter-segment transactions.

Table of Contents

Other Operating Expenses: For the second quarter and first half of 2004, costs relating to Guilbert integration activities totaled approximately \$2.2 million and \$5.6 million, respectively. Other expenses primarily relate to pre-opening activities.

General and Administrative Expenses: The increase in general and administrative expenses for the second quarter and first half of 2004 primarily reflects the addition of costs relating to our acquired Guilbert operations, as well as the impact of translating international general and administrative expenses at weaker U.S. dollar exchange rates, and increased compliance-related professional fees. As noted in our 2003 Annual Report on Form 10-K, other companies may charge more or less of their general and administrative costs to their segments; as a result, comparisons to their operations could be difficult. We continue to review the costs and benefits of additional allocations to the operating segments but have not yet concluded this analysis.

Interest Income and Expense: The decrease in interest income during the first half of 2004 compared to the same period last year reflects lower domestic interest earned on cash, coupled with a lower cash balance held in Europe, which earned a higher return in 2003. The increase in interest expense reflects the impact of additional interest relating to the issuance of \$400 million of notes in August 2003.

Miscellaneous Income: Miscellaneous income for the second quarter and first half of 2003 includes recognition of approximately \$11.7 million of net foreign currency gains, primarily resulting from holding euros during the second quarter of 2003 in advance of purchasing Guilbert on June 2, 2003.

Income Taxes: The effective income tax rate has declined to 30% this quarter. This decline reflects a higher proportion of international income, which is taxed at lower rates.

LIQUIDITY AND CAPITAL RESOURCES

During the first half of 2004, net cash provided by operating activities totaled \$307.6 million, compared to \$174.1 million during the same period last year. This change primarily reflects increased earnings and higher depreciation and amortization related to International expansion, as well as reduced working capital needs, primarily from changes in inventory and accounts payable balances.

Net cash used in investing activities was \$212.8 million in the first half of 2004, compared to \$671.1 million in the same period last year. The use in 2004 is primarily a result of capital expenditures, including payments made in connection with our acquisition of certain Kids "R" Us properties from Toys "R" Us, Inc., and a purchase of \$50 million of short-term investments. Capital expenditures in the first half of 2004 also reflect payments to acquire land for a new corporate support center to be built in Boca Raton, Florida, the opening of four new office supply stores, and three relocations in North America, as well as continued spending on corporate information technology. The use in 2003 reflects the initial payment in June 2003 for the acquisition of Guilbert. The second installment of that acquisition was made in the third quarter of 2003. Investing activities in 2003 also reflect cash proceeds from the sale of our Australian business.

In March 2004, the Company announced it had reached an agreement with Toys "R" Us to acquire 124 of their former Kids "R" Us stores for \$197 million in cash plus the assumption of lease obligations. Also in March, the Company reached an agreement with PETCO Animal Supplies, Inc. under which PETCO agreed to acquire from the Company 20 of the former Kids "R" Us stores for approximately \$45 million in cash plus the assumption of related lease obligations. Through the end of the second quarter, the Company has closed on the purchase of 25 stores while 15 stores have been removed from the transaction by price adjustments and mutual agreement. Of the total properties to be acquired (currently 109, after the agreed upon removals), the Company plans to convert 45 to 50 of these stores to Office Depot retail stores and intends to sell or sublet

[Table of Contents](#)

the remaining stores. The remaining portions of this transaction are expected to close in phases over the second half of 2004.

In April 2004, the Company announced an agreement to acquire the business of Elso Iroda Superstore Kft, which has been operating Office Depot retail stores and direct sales businesses in Hungary under license from Office Depot. At acquisition, the company operated three retail stores, a distribution center and Internet sales facility in Hungary; a fourth retail store opened in the second quarter. The business is projected to generate \$25 million (U.S. dollars) in sales during 2004, and is reported in the International Group.

The purchase price of Guilbert is subject to an upward adjustment of 40 million euro, payable at the Company's discretion in Office Depot common stock or cash, if Office Depot stock closes above \$20 per share for five consecutive days over an 18-month period following the closing date of the acquisition (beginning June 2, 2003).

Net cash provided by financing activities was \$24.7 million in the first half of 2004 compared to \$25.4 million during the same period in 2003. Issuance of common stock under employee-related plans added \$45.7 million, partially offset by open market purchases of treasury stock.

In April 2004, the Company replaced its existing credit facility with a \$750 million 5-year unsecured multi-currency revolving credit facility. Up to \$350 million is available for standby and trade letters of credit. Upon mutual agreement, the maximum borrowing may be increased to \$900 million. The agreement provides borrowings up to the total amount in the following currencies: U.S. dollars, British pounds, euro, or yen. The Company may elect interest periods of one, two, three, six, nine or twelve months. Interest is based on the London Interbank Offering Rate, plus a spread determined at the time of usage. Based on current credit ratings, borrowings include a spread of 0.625%. The amount outstanding under the previous credit facility remains outstanding under this agreement. At June 26, 2004, we had approximately \$577.4 million of available credit under our revolving credit facility and letters of credit outstanding totaling \$72.8 million.

The Company believes that available cash and short-term investments, as well as cash flow from operations, is sufficient to fund ongoing operations and planned capital expenditures.

CRITICAL ACCOUNTING POLICIES

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these financial statements. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in our 2003 Annual Report on Form 10-K, filed on February 26, 2004, in the Notes to the Consolidated Financial Statements, Note A, and the Critical Accounting Policies section.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains both historical statements and other statements that you may use in seeking to infer future performance. Examples of historical statements include our quarterly financial statements and the commentary on past performance contained in our MD&A.

However, certain statements in this Quarterly Report on Form 10-Q, as well as in our other public filings, website and press releases, and in oral communications made by our representatives, are based on current expectations or plans and are subject to risks and uncertainties and thus constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Section 21E of the Securities Exchange Act of 1934, as amended. For such forward-looking statements, we claim the protection of the safe harbor provisions in those statutes. Forward-looking statements include, without limitation, statements concerning trends such as office products and services sales or margin trends or demographic trends, the number or location of planned new store openings, or the anticipated levels of capital expenditures. While we have specifically identified certain statements as being forward-looking in the context of their presentation, we caution you that, with the exception of statements that are clearly historical, all other statements contained in this Quarterly Report on Form 10-Q should be considered to be forward-looking statements. Without limiting the generality of the preceding sentences of this paragraph, any time we use the words “estimate,” “plan,” “probably,” “should,” “may,” “project,” “intend,” “expect,” “believe,” “anticipate,” “continue,” and similar terms or expressions, we intend to clearly express that the accompanying statement deals with possible future events and is forward-looking in nature.

Unless otherwise required by applicable securities laws, we assume no obligation to update any of our forward-looking statements to reflect subsequent events or circumstances.

The following factors, in addition to those discussed elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 27, 2003, could cause results to differ materially from management expectations as projected in such forward-looking statements: changes in economic conditions generally or in the markets we serve; the impact of events related to any terrorist actions; consumer preferences and spending patterns; competition from other office products and services chains, independent office products and services stores, mail order and Internet providers of office products and services, and various other retailers including convenience, grocery, electronics, variety and discount stores; the introduction of new products; changes in state or federal legislation or regulations; the success of planned advertising and merchandising strategies; the availability and cost of real estate and construction; changes in accounting policies and practices; our ability to hire and retain store and management personnel; our relationships with our suppliers; our ability to successfully implement new computer systems and technology; and adverse determinations with respect to litigation or other claims.

The following are additional such factors relating to the Kids “R” Us/Toys “R” Us transaction and the implementation of our M2 retail format and updated such factors relating to the continuing evolution of our executive management structure:

Risks Specific to the Kids “R” Us/Toys “R” Us Transaction

During the first quarter, we announced plans to acquire from Toys “R” Us, Inc. (“TRU”) 124 former Kids “R” Us (“KRU”) retail store locations. We also announced that we plan to use 45 to 50 of those locations for Office Depot retail store locations. Of the remaining number, Office Depot plans either to negotiate with TRU to remove certain locations from the transaction or to dispose of the balance. To date, we have reached agreement on the disposal of 20 locations that we do not

Table of Contents

intend to use for Office Depot retail store locations. Many of the retail store locations we plan to open in 2004 are part of the TRU transaction. The transaction is somewhat complex and involves a series of multiple closings on various locations included in the total transaction. The purchase will be completed in phases, with some properties transferred during the second quarter and others scheduled to be transferred throughout the balance of the year.

In the event TRU is unable to deliver, or is delayed in delivering, locations that Office Depot deems desirable for opening Office Depot retail store locations, such failure to deliver or delay in delivery could have a materially adverse effect on our plans to open approximately 80 retail store locations in 2004. If we are not successful in disposing of the former KRU locations that we have determined to be unsuitable for opening Office Depot retail locations, we could be faced with carrying excess vacant real estate locations, which could reduce our anticipated return on the TRU transaction, and also could have an adverse financial effect on our Company that could be material.

Further, many of the KRU locations that the Company expects to open as Office Depot retail stores will face strong competitive pressures. Throughout their useful lives, these retail locations must generate operating cash flows that are at least sufficient to recover the remaining book value of the initial purchase price and related capitalized and operating costs. Should these stores fail to meet future cash flow expectations, the carrying value of the stores and related assets may need to be written down. If required, such a write down could have a material adverse effect on future results of operations.

Risks Specific to the Opening of M2 Retail Format

We recently announced, on June 30, 2004, a new retail store format, which we call "M2." We believe that it will be more appealing and easier for customers to shop, as well as less costly to construct and operate. The M2 format is expected to be used in all new retail store openings and in approximately 40 remodels during the remainder of 2004. While we have a high degree of confidence that M2 will be as successful as we anticipate, there is no guarantee that we will realize all of the benefits expected from this substantial change in the format of our retail stores. If it should turn out to be less appealing to customers when implemented than it appears to be from our tests with focus groups and the initial reactions to the opening of a single store in Florida, M2 could fail to deliver the expected increase in retail store sales that we expect and could have a materially adverse effect on expected future results from operations of our North American retail stores.

Similarly, we expect to realize significant cost savings in both the costs of construction and operation of M2 format stores. If we fail to achieve the expected savings in either construction or operation of these stores, our anticipated future results from North American retail stores could be adversely affected.

Update on Executive Management Risk Factor

In our Form 10-K filed earlier this year, we identified as a risk factor the continuing evolution of our executive management structure. Since the date of filing of our Form 10-K, we have continued to see changes in our senior executive management structure. Our President, North American Retail Stores left our Company earlier this year, as did our Executive Vice Presidents of Marketing and Human Resources. Replacements for these persons to date include Rick Lepley, our EVP of North American Retail Stores, Carl (Chuck) Rubin who was named Chief Merchandising Officer during the first quarter of this year and recently was named Chief Marketing Officer as well, and by Frank Scruggs, who was named EVP, Human Resources earlier this year. To date, the search for a President, North America, first announced in the fourth quarter 2003, has not resulted in filling that position. As mentioned in our Form 10-K, such extensive change in senior management has resulted in numerous changes throughout our management organizations, with uncertain outcomes. There is no assurance that we have filled the mentioned positions, or that we will fill future openings, with the best persons for the jobs, or that the executive team will function in a cohesive and effective manner. As a result, our future operations and results may be materially and possibly adversely affected.

Item 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risks

During the first half of 2004, the Company has entered into a series of interest rate swap agreements that effectively convert \$400 million of fixed-rate debt into variable rates. At June 26, 2004, there had not been any other material change in the interest rate risk information disclosed in the “Market Sensitive Risks and Positions” subsection of the Management’s Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7 of our 2003 Annual Report on Form 10-K.

Foreign Exchange Rate Risks

The acquisition of Guilbert S.A. in June 2003 increased our operations in countries with the euro or British pound as functional currencies, when compared to the first five months of 2003. Accordingly, a greater percentage of the Company’s reported results of operations is subject to changes in foreign currency exchange rates. As with our previously existing business in Europe, the Guilbert operations generally are conducted in the relevant local currency and Office Depot’s overall foreign currency transaction exposure has not changed materially. Otherwise, at June 26, 2004, there had not been any material change in any of the foreign exchange risk information disclosed in the “Market Sensitive Risks and Positions” subsection of the Management’s Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7 of our 2003 Annual Report on Form 10-K.

Item 4 CONTROLS AND PROCEDURES

- (a) Disclosure Controls and Procedures. The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on that evaluation, these officers have concluded that the corporation’s disclosure controls and procedures are effective for the purpose of ensuring that material information required to be in this quarterly report is made known to them by others on a timely basis.
- (b) The Company is continuously seeking to improve the efficiency and effectiveness of its operations and of its internal controls. This results in refinements to processes throughout the Company. However, there has been no change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1 LEGAL PROCEEDINGS**

We are involved in litigation arising in the normal course of our business. While, from time to time, claims are asserted that make demands for large sums of money (including, from time to time, actions which are asserted to be maintainable as class action suits), we do not believe that any of these matters, either individually or in the aggregate, will materially affect our financial position or the results of our operations.

Item 2 CHANGES IN SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information with respect to purchases we made of our common stock during the first half of our 2004 fiscal year:

	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs
Balance as of December 27, 2003				
December 28, 2003 – January 24, 2004	13,761 ⁽²⁾	\$16.42	—	\$50,000,000
January 25, 2004 – February 21, 2004	—	—	—	—
February 22, 2004 – March 27, 2004	—	—	—	—
March 28, 2004 – April 24, 2004	113,630	\$18.89	113,630	\$47,853,000
April 25, 2004 – May 22, 2004	324,380	\$17.24	324,380	\$42,259,700
May 23, 2004 – June 26, 2004	377,520	\$17.04	377,520	\$35,827,800
Total / Balance as of June 26, 2004	829,291	\$17.36	815,530	\$35,827,800

(1) On October 26, 2001, the Company announced that its Board of Directors authorized a common stock repurchase program. Under the program, the Company is authorized to repurchase up to \$50 million of its common stock annually until such program is terminated by the Board.

(2) Shares of common stock delivered or restricted shares of common stock withheld to pay income tax or other tax liabilities with respect to the vesting of restricted stock, exercise of stock options, or the settlement of performance share awards.

Item 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's annual meeting of stockholders was held on May 14, 2004. Of the total number of common shares outstanding on March 10, 2004, a total of 277,101,092 were represented in person or by proxy. Results of votes with respect to proposals submitted at that meeting are as follows:

- a. To elect 12 nominees to serve as directors to hold office until the next annual meeting of our stockholders or until their successors have been elected and qualified. Our stockholders voted to elect all 12 nominees to serve as directors. Votes recorded, by nominee, were as follows:

<u>Nominee</u>	<u>For</u>	<u>Against/ Withheld</u>
Lee A. Ault, III	198,241,471	78,859,621
Neil R. Austrian	199,860,314	77,240,778
David W. Bernauer	261,337,922	15,763,170
Abelardo E. Bru	261,138,400	15,962,692
David I. Fuente	199,534,398	77,566,694
Brenda J. Gaines	198,762,431	78,338,661
Myra M. Hart	261,154,002	15,947,090
W. Scott Hedrick	199,701,798	77,399,294
James L. Heskett	198,729,698	78,371,394
Patricia H. McKay	261,124,526	15,976,566
Michael J. Myers	198,551,602	78,549,490
Bruce Nelson	197,030,796	80,070,296

- b. To ratify our Board's appointment of Deloitte & Touche LLP as our independent public accountants for the 2004 fiscal year. Our stockholders voted to approve this proposal with 267,078,147 votes for and 6,185,352 votes against. There were 3,609,275 abstentions and 34,784,743 broker non-votes.
- c. To consider amendment of the Company's Long-term Equity Incentive Plan to increase the number of shares authorized for issuance under the plan by 15,000,000 shares. Our stockholders voted to approve this proposal with 179,022,752 votes for and 68,236,439 votes against. There were 1,606,585 abstentions and 62,791,741 broker non-votes.

Item 6 EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

- 10.1 Five Year Credit Agreement dated as of April 30, 2004 by and among the Company and Citicorp USA, Inc. as syndication agent, Wachovia Bank, National Association as administrative agent, Citigroup Global Markets Inc. and Wachovia Capital Markets, LLC as lead arrangers, and Citigroup Global Markets Inc. as the sole bookrunner.
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of CFO
- 32 Section 1350 Certification

[Table of Contents](#)

b) Reports filed or furnished on Form 8-K

1. Form 8-K filed with the SEC on April 9, 2004 indicating that Office Depot had issued a press release announcing the acquisition of the Hungarian company, Elso Iroda Superstore KFT, which has been operating Office Depot retail stores and direct sales businesses in Hungary under license from Office Depot.
2. Form 8-K filed with the SEC on April 22, 2004 indicating that Office Depot had issued a press release regarding financial results for the first quarter of 2004.
3. Form 8-K filed with the SEC on June 1, 2004 announcing broadcast of Bruce Nelson's presentation at the Sanford Bernstein Strategic Decisions Conference on June 3, 2004.

SIGNATURES

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

OFFICE DEPOT, INC. _____

(Registrant)

Date: July 22, 2004

By: /s/ Bruce Nelson

Bruce Nelson
Chief Executive Officer

Date: July 22, 2004

By: /s/ Charles E. Brown

Charles E. Brown
Executive Vice President, Finance and Chief Financial Officer
(Principal Financial Officer)

Date: July 22, 2004

By: /s/ James A. Walker

James A. Walker
Senior Vice President, Finance and Controller
(Principal Accounting Officer)

FIVE YEAR CREDIT AGREEMENT

Dated as of April 30, 2004

OFFICE DEPOT, INC., a Delaware corporation (the "BORROWER"), the banks, financial institutions and other institutional lenders (the "INITIAL LENDERS") listed on the signature pages hereof, CITICORP USA, INC., as syndication agent, BNP PARIBAS, BANK ONE, NA and BANK OF AMERICA, N.A., as documentation agents, CITIGROUP GLOBAL MARKETS INC. and WACHOVIA CAPITAL MARKETS, LLC, as joint lead arrangers (the "ARRANGERS"), CITIGROUP GLOBAL MARKETS INC., as sole bookrunner, and WACHOVIA BANK, NATIONAL ASSOCIATION ("WACHOVIA"), as administrative agent (the "AGENT") for the Lenders (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ADVANCE" means a Revolving Credit Advance or a Competitive Bid Advance.

"AFFILIATE" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"AGENT'S ACCOUNT" means (a) in the case of Advances denominated in Dollars, the account of the Agent maintained by the Agent at Wachovia at its office at 201 South College Street, Charlotte, North Carolina 28288, Account No. 5000000033865, Attention: Syndication Agency Services, (b) in the case of Advances denominated in any Foreign Currency, the account of the Sub-Agent designated in writing from time to time by the Agent to the Borrower and the Lenders for such purpose and (c) in any such case, such other account of the Agent as is designated in writing from time to time by the Agent to the Borrower and the Lenders for such purpose.

"AGENT'S CORRESPONDENT" means Wachovia Bank, National Association, London Branch, or any other financial institution designated by the Agent and notified to the Borrower and the Lenders to act as the Agent's correspondent hereunder with respect to the distribution and payment of Advances.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurocurrency Lending Office in the case of a Eurocurrency Rate Advance and, in the case of a Competitive Bid Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such Competitive Bid Advance.

"APPLICABLE MARGIN" means (a) for Base Rate Advances, 0% per annum and (b) for Eurocurrency Rate Advances, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Margin for Eurocurrency Rate Advances
LEVEL 1 BBB+ or Baa1	0.375%
LEVEL 2 BBB or Baa2	0.600%
LEVEL 3 BBB- or Baa3	0.700%
LEVEL 4 BB+ or Ba1	0.950%
LEVEL 5 Lower than Level 4	1.000%

"APPLICABLE PERCENTAGE" means, as of any date a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating Applicable S&P/Moody's Percentage	Percentage
LEVEL 1 BBB+ or Baa1	0.125%
LEVEL 2 BBB or Baa2	0.150%
LEVEL 3 BBB- or Baa3	0.175%
LEVEL 4 BB+ or Ba1	0.300%
LEVEL 5 Lower than Level 4	0.500%

"APPLICABLE UTILIZATION FEE" means, as of any date that the sum of the aggregate Advances plus the Available Amount of all Letters of Credit exceed 50% of the aggregate Revolving Credit Commitments, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating Applicable S&P/Moody's Utilization Fee	Utilization Fee
LEVEL 1 BBB+ or Baa1	0.125%
LEVEL 2 BBB or Baa2	0.125%
LEVEL 3 BBB- or Baa3	0.250%
LEVEL 4 BB+ or Ba1	0.250%
LEVEL 5 Lower than Level 4	0.500%

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

2.19(d). "ASSUMING LENDER" has the meaning specified in Section

2.19(d)(ii). "ASSUMPTION AGREEMENT" has the meaning specified in Section

"AVAILABLE AMOUNT" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit (assuming compliance at such time with all conditions to drawing).

"BASE RATE" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Wachovia in New York, New York, from time to time, as Wachovia's base rate; and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"BASE RATE ADVANCE" means a Revolving Credit Advance denominated in Dollars that bears interest as provided in Section 2.08(a)(i).

"BORROWING" means a Revolving Credit Borrowing or a Competitive Bid Borrowing.

"BUSINESS DAY" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurocurrency Rate Advances or LIBO Rate Advances, on which dealings are carried on in the London interbank market and banks are open for business in London and in the country of issue of the currency of such Eurocurrency Rate Advance or LIBO Rate Advance (or, in the case of an Advance denominated in Euro, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open).

"COMMITMENT" means a Revolving Credit Commitment or a Letter of Credit Commitment.

2.19(b). "COMMITMENT DATE" has the meaning specified in Section

2.19(a). "COMMITMENT INCREASE" has the meaning specified in Section

"COMMITTED CURRENCIES" means lawful currency of the United Kingdom of Great Britain and Northern Ireland, lawful currency of Japan and Euros.

"COMPETITIVE BID ADVANCE" means an advance by a Lender to the Borrower in Dollars or any Foreign Currency as part of a Competitive Bid Borrowing resulting from the competitive bidding procedure described in Section 2.03 and refers to a Fixed Rate Advance or a LIBO Rate Advance.

"COMPETITIVE BID BORROWING" means a borrowing consisting of simultaneous Competitive Bid Advances from each of the Lenders whose offer to make one or more Competitive Bid Advances as part of such borrowing has been accepted under the competitive bidding procedure described in Section 2.03.

"COMPETITIVE BID NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a Competitive Bid Advance made by such Lender.

"CONFIDENTIAL INFORMATION" means information that the Borrower furnishes to the Agent, the Sub-Agent, any Lender or any of their respective agents or representatives, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent, the Sub-Agent, such Lender

or such agent or representative from a source other than the Borrower which source, to the knowledge of any of the foregoing, is not prohibited from disclosing such information by a contractual, legal or fiduciary obligation.

"CONSOLIDATED" refers to the consolidation of accounts in accordance with GAAP.

"CONVERT", "CONVERSION" and "CONVERTED" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.09 or 2.10.

"CONVERTIBLE SUBORDINATED DEBT" means the Borrower's 5% Zero-Coupon Convertible Subordinated Notes due December 11, 2007 in an aggregate principal amount of \$316,250,000 at maturity and Borrower's 4% Zero-Coupon Convertible Subordinated Notes due November 1, 2008 in aggregate principal amount of \$2,912,000 at maturity.

"DEBT" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 90 days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all obligations of such Person in respect of Hedge Agreements, (h) all Debt of others referred to in clauses (a) through (g) above or clause (i) below and other payment obligations guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt (it being understood that the amount of such Debt described in this clause (i) shall be deemed to be the lesser of the principal amount of such Debt and the value of the property subject to such Lien).

"DEFAULT" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"DISCLOSED LITIGATION" has the meaning specified in Section 3.01(b).

"DOLLARS" and the "\$" sign each means lawful currency of the United States of America.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EBITR" means, for any period, net income (or net loss) PLUS the sum of (a) net interest expense, (b) income tax expense and (c) rentals payable under leases of real or personal, or mixed, property,

in each case determined in accordance with GAAP for such period, provided that there shall be excluded from net income (or net loss) (i) any items of gain or loss resulting from the sale of assets other than in the ordinary course of business and (ii) the income (or loss) of any party accrued prior to the date such party becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, or such party's assets are acquired by the Borrower or any of its Subsidiaries.

"EFFECTIVE DATE" has the meaning specified in Section 3.01.

"ELIGIBLE ASSIGNEE" means (i) a Lender; (ii) an Affiliate of a Lender and (iii) any other Person approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 8.07, the Borrower, such approval not to be unreasonably withheld or delayed; PROVIDED, HOWEVER, that none of the Borrower, an Affiliate of the Borrower or any direct competitor of the Borrower shall qualify as an Eligible Assignee.

"ENVIRONMENTAL ACTION" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"ENVIRONMENTAL LAW" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"ENVIRONMENTAL PERMIT" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"EQUIVALENT" in Dollars of any Foreign Currency on any date means the equivalent in Dollars of such Foreign Currency determined by using the quoted spot rate at which the Sub-Agent's principal office in London offers to exchange Dollars for such Foreign Currency in London prior to 4:00 P.M. (London time) (unless otherwise indicated by the terms of this Agreement) on such date as is required pursuant to the terms of this Agreement, and the "Equivalent" in any Foreign Currency of Dollars means the equivalent in such Foreign Currency of Dollars determined by using the quoted spot rate at which the Sub-Agent's principal office in London offers to exchange such Foreign Currency for Dollars in London prior to 4:00 P.M. (London time) (unless otherwise indicated by the terms of this Agreement) on such date as is required pursuant to the terms of this Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA AFFILIATE" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA EVENT" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in

Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"EURIBO RATE" means the rate appearing on Page 248 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Euro by reference to the Banking Federation of the European Union Settlement Rates for deposits in Euro) at approximately 10:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in Euro with a maturity comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the respective rates per annum at which deposits in Euros are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal (x) in the case of Revolving Credit Borrowings, to such Reference Bank's Eurocurrency Rate Advance comprising part of such Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period (subject, however, to the provisions of Section 2.09) or (y) in the case of Competitive Bid Borrowings, to the amount that would be the Reference Banks' respective ratable shares of such Borrowing if such Borrowing were to be a Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period (subject, however, to the provisions of Section 2.09).

"EURO" means the lawful currency of the European Union as constituted by the Treaty of Rome which established the European Community, as such treaty may be amended from time to time and as referred to in the EMU legislation.

"EUROCURRENCY LIABILITIES" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"EUROCURRENCY LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Eurocurrency Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EUROCURRENCY RATE" means, for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Revolving Credit Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a)(i) in the case of any Revolving Credit Advance denominated in Dollars or any Committed Currency other than Euro, the rate per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum) appearing on Telerate Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars or the applicable Committed Currency at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period

for a term comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in Dollars or the applicable Committed Currency is offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially

equal to such Reference Bank's Eurocurrency Rate Advance comprising part of such Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period or, (ii) in the case of any Tranche B Advance denominated in Euros, the EURIBO Rate by (b) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period. If the Telerate Markets Page 3750 (or any successor page) is unavailable, the Eurocurrency Rate for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Revolving Credit Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, SUBJECT, HOWEVER, to the provisions of Section 2.09.

"EUROCURRENCY RATE ADVANCE" means a Revolving Credit Advance denominated in Dollars or a Committed Currency that bears interest as provided in Section 2.08(a)(ii).

"EUROCURRENCY RATE RESERVE PERCENTAGE" for any Interest Period for all Eurocurrency Rate Advances or LIBO Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Advances or LIBO Rate Advances is determined) having a term equal to such Interest Period.

"EVENTS OF DEFAULT" has the meaning specified in Section 6.01.

"EXECUTIVE OFFICER" means, with respect to any Person, the president, executive vice president, chief financial officer, treasurer, controller, secretary or any person holding comparable offices.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"FIXED RATE ADVANCES" has the meaning specified in Section 2.03(a)(i), which Advances shall be denominated in Dollars or in any Foreign Currency.

"FOREIGN CURRENCY" means any Committed Currency and any other lawful currency (other than Dollars) that is freely transferable or convertible into Dollars.

"GAAP" has the meaning specified in Section 1.03.

"GUARANTOR" means each of The Office Club, Inc., Eastman Office Supplies, Inc., Viking Office Products, Inc., OD of Texas, Inc. and each other Subsidiary of the Borrower that shall be required to execute and deliver a guaranty pursuant to Section 5.01(j).

"GUARANTY" has the meaning specified in Section 3.01(h)(ii).

"HAZARDOUS MATERIALS" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas

and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"HEDGE AGREEMENTS" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"INCREASE DATE" has the meaning specified in Section 2.19(a).

"INCREASING LENDER" has the meaning specified in Section 2.19(b).

"INFORMATION MEMORANDUM" means the information memorandum dated March 25, 2004 used by the syndication agent in connection with the syndication of the Commitments.

"INITIAL ISSUING BANKS" means Wachovia and SunTrust Bank.

"INTEREST PERIOD" means, for each Eurocurrency Rate Advance comprising part of the same Revolving Credit Borrowing and each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or LIBO Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, with respect to Eurocurrency Rate Advances, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three, six, nine or twelve months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; PROVIDED, HOWEVER, that:

(a) the Borrower may not select any Interest Period that ends after the Termination Date;

(b) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Revolving Credit Borrowing or for LIBO Rate Advances comprising part of the same Competitive Bid Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, PROVIDED, HOWEVER, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"INVESTMENT" in any Person means any loan or advance to such Person, any purchase or other acquisition of any capital stock, warrants, rights, options, obligations or other securities or all of the business of such Person, any capital contribution to such Person or any other investment in such Person, including, without limitation, any

arrangement pursuant to which the investor incurs Debt of the types referred to in clause (h) or (i) of the definition of "Debt" in respect of such Person.

"ISSUING BANK" means any Initial Issuing Bank or any Eligible Assignee to which a portion of the Letter of Credit Commitment hereunder has been assigned pursuant to Section 8.07 so long as such Eligible Assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Applicable Lending Office (which information shall be recorded by the Agent in the Register), for so long as such Initial Issuing Bank or Eligible Assignee, as the case may be, shall have a Letter of Credit Commitment.

"L/C CASH COLLATERAL ACCOUNT" means an interest bearing cash collateral account to be established and maintained by the Agent, over which the Agent shall have sole dominion and control, upon terms as may be satisfactory to the Agent.

"L/C RELATED DOCUMENTS" has the meaning specified in Section 2.07(b)(i).

"LENDERS" means the Initial Lenders, each Issuing Bank, each Assuming Lender that shall become a party hereto pursuant to Section 2.19 and each Person that shall become a party hereto pursuant to Section 8.07.

"LETTER OF CREDIT AGREEMENT" has the meaning specified in Section 2.04(a).

"LETTER OF CREDIT COMMITMENT" means, with respect to each Initial Issuing Bank, the amount set forth opposite such Initial Issuing Bank's name on the signature pages hereto under the caption "Letter of Credit Commitment" or, if such Initial Issuing Bank has entered into one or more Assignment and Acceptances, the amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 8.07(d) as such Issuing Bank's "Letter of Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.06.

"LETTER OF CREDIT FACILITY" means, at any time, an amount equal to the lesser of (a) the amount of the Issuing Banks' Letter of Credit Commitments at such time and (b) \$350,000,000, as such amount may be reduced at or prior to such time pursuant to Section 2.06.

"LETTERS OF CREDIT" has the meaning specified in Section 2.01(b).

"LIBO RATE" means, for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a)(i) in the case of any Competitive Bid Borrowing denominated in Dollars or any Foreign Currency other than Euros, the rate per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum) appearing on Telerate Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars or the applicable Foreign Currency at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in Dollars or the applicable Foreign Currency is offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to the amount that would be the Reference Banks' respective ratable shares of such Borrowing if such Borrowing were to be a Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period or (ii) in the case of any

Competitive Bid Borrowing denominated in Euros, the EURIBO Rate by (b) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period. If the Telerate Markets Page 3750 (or any successor page) is unavailable, the LIBO Rate for any Interest Period for each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, SUBJECT, HOWEVER, to the provisions of Section 2.09.

"LIBO RATE ADVANCES" means a Competitive Bid Advance denominated in Dollars or in any Foreign Currency and bearing interest based on the LIBO Rate.

"LIEN" means any lien, security interest or other charge or encumbrance of any kind in the nature of the foregoing, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"LOAN DOCUMENT" means this Agreement, the Notes, the Guaranties and each Letter of Credit Agreement.

"LOAN PARTY" means the Borrower and each Guarantor.

"MARKETABLE SECURITIES" means any of the following, to the extent owned by the Borrower or any of its Subsidiaries free and clear of all Liens: (a) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof and maturing within three years from the date of creation thereof, (b) commercial paper, bankers acceptances and corporate obligations maturing within one year from the date of creation thereof, having a rating at the time as of which any determination is made of P-1 (or higher) according to Moody's or as A-1 (or higher) according to S&P or the equivalent thereof if by another nationally recognized credit rating agency, (c) time deposits maturing within one year from the date of purchase thereof, including certificates of deposit issued by any Lender or any office located in the United States of any bank or trust company which is organized under the laws of the United States or any state thereof and has total assets aggregating at least \$500,000,000, including, without limitation, any such deposits in eurodollars issued by a foreign branch of any such bank or trust company, (d) asset backed obligations or certificates of interest in such asset backed obligations, rated at least Aa by Moody's or AA by S&P, (e) obligations issued by states, counties and municipalities, rated at least MIG-1 or VMIG-1 by Moody's or AP1 by S&P, with a maturity not to exceed 180 days and (f) money market funds at least 90% of the assets of which are constituted of the foregoing.

"MATERIAL ADVERSE CHANGE" means any material adverse change in the business, condition (financial or otherwise), operations or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, condition (financial or otherwise), operations or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender under any Loan Document or (c) the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party.

"MATERIAL SUBSIDIARY" means each Subsidiary of the Borrower having assets that accounted for or produced, or would on a pro forma basis would have produced, more than 10% of Consolidated EBITR of the Borrower during any of the three most recently completed fiscal years of the Borrower.

"MOODY'S" means Moody's Investors Service, Inc.

"MULTIEMPLOYER PLAN" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"MULTIPLE EMPLOYER PLAN" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one

Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"NOTE" means a Revolving Credit Note or a Competitive Bid Note.

"NOTICE OF COMPETITIVE BID BORROWING" has the meaning specified in Section 2.03(a).

"NOTICE OF REVOLVING CREDIT BORROWING" has the meaning specified in Section 2.02(a).

"PAYMENT OFFICE" means, for any payments in Dollars, the office of the Agent in the United States that it shall designate from time to time to the Borrower and the Lenders and, for payments in any Foreign Currency, such office of the applicable Agent's Correspondent.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"PERMITTED LIENS" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business (other than those being contested in good faith by appropriate proceedings and properly reserved in accordance with generally accepted accounting principles); (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means a Single Employer Plan or a Multiple Employer Plan.

"PRO RATA SHARE" of any amount means, with respect to any Lender at any time, the product of such amount TIMES a fraction the numerator of which is the amount of such Lender's Tranche A Commitment at such time (or, if the Tranche A Commitments shall have been terminated pursuant to Section 2.06 or 6.01, such Lender's Tranche A Commitment as in effect immediately prior to such termination) and the denominator of which is the aggregate amount of all Tranche A Commitments at such time (or, if the Tranche A Commitments shall have been terminated pursuant to Section 2.06 or 6.01, the aggregate amount of all Tranche A Commitments as in effect immediately prior to such termination).

"PUBLIC DEBT RATING" means, as of any date, the rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower or, if either such rating agency shall have issued more than one such rating, the lowest such rating issued by such rating agency. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin, the Applicable Percentage and the Applicable Utilization Fee shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Margin, the Applicable Percentage and the Applicable Utilization Fee will be set in accordance with Level 5 under the definition of "APPLICABLE MARGIN", "APPLICABLE PERCENTAGE" or "APPLICABLE UTILIZATION FEE", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the

Applicable Margin, the Applicable Percentage and the Applicable Utilization Fee shall be based upon the higher rating unless the differential is two levels or more, in which case the Applicable Margin, the Applicable Percentage and the Applicable Utilization Fee shall be based upon the level that is one level lower than the higher rating; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"REFERENCE BANKS" means Wachovia and Citibank.

"REGISTER" has the meaning specified in Section 8.07(d).

"REQUIRED LENDERS" means at any time Lenders (voting as one class, i.e., by combining the Tranche A Commitments and the Tranche B Commitments) having at least a majority in interest of the Revolving Credit Commitments at such time, provided that if any Lender shall have failed to make any Revolving Credit Advance to the Borrower pursuant to Section 2.01 or 2.02, which such Lender was obligated to make, at or prior to such time (and as to which the Agent shall not have made such Advance for the account of such Lender pursuant to Section 2.02(d) as of such time), there shall be excluded from the determination of Required Lenders at such time the Revolving Credit Commitments of such Lender at such time.

"REVOLVING CREDIT ADVANCE" means a Tranche A Advance or a Tranche B Advance.

"REVOLVING CREDIT BORROWING" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"REVOLVING CREDIT BORROWING MINIMUM" means, in respect of Revolving Credit Advances denominated in Dollars, \$3,000,000, in respect of Revolving Credit Advances denominated in Sterling, (pound)3,000,000, in respect of Revolving Credit Advances denominated in Yen, (Y)300,000,000 and, in respect of Revolving Credit Advances denominated in Euros, [EURO]3,000,000.

"REVOLVING CREDIT BORROWING MULTIPLE" means, in respect of Revolving Credit Advances denominated in Dollars, \$500,000, in respect of Revolving Credit Advances denominated in Sterling, (pound)500,000, in respect of Revolving Credit Advances denominated in Yen, (Y)50,000,000 and, in respect of Revolving Credit Advances denominated in Euros, [EURO]500,000.

"REVOLVING CREDIT COMMITMENT" means a Tranche A Commitment or a Tranche B Commitment.

"REVOLVING CREDIT NOTE" means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.17 in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"SINGLE EMPLOYER PLAN" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"SOLVENT" and "SOLVENCY" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and

matured, (c) such Person does not intend to, and does not believe that

it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SUB-AGENT" means Wachovia Bank, National Association, London Branch.

"SUBORDINATED DEBT" means Debt of the Borrower and its Subsidiaries subordinated to all obligations of the Borrower and its Subsidiaries arising under the Loan Documents on terms and conditions satisfactory in all respects to the Agent and the Required Lenders, including without limitation, with respect to interest rates, payment terms, maturities, amortization schedules, covenants, defaults, remedies, and subordination provisions, as evidenced by the written approval of the Agent and Required Lenders, including but not limited to the Borrower's Convertible Subordinated Debt.

"SUBSIDIARY" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"TERMINATION DATE" means the earlier of April 30, 2009 and the date of termination in whole of the Commitments pursuant to Section 2.06 or 6.01.

"TRANCHE A ADVANCE" means an advance by a Tranche A Lender to the Borrower as part of a Tranche A Borrowing and refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a "TYPE" of Revolving Credit Advance).

"TRANCHE A COMMITMENT" means, with respect to any Lender at any time (a) the amount set forth opposite such Lender's name on the signature pages hereto under the caption "Tranche A Commitment", (b) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the amount set forth in such Assumption Agreement or (c) if such Lender has entered into one or more Assignment and Acceptances, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(d) as such Lender's "Tranche A Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.06 or increased pursuant to Section 2.19.

"TRANCHE A LENDER" means each Lender that has a Tranche A Commitment on the signature pages hereof or any Eligible Assignee to which a portion of the Tranche A Commitment hereunder has been assigned pursuant to Section 8.07.

"TRANCHE B ADVANCE" means an advance by a Tranche B Lender to the Borrower as part of a Tranche B Borrowing and refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a "TYPE" of Revolving Credit Advance).

"TRANCHE B COMMITMENT" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on the signature pages hereto under the caption "Tranche B Commitment" or, if such Lender has entered into one or more Assignment and Acceptances, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(d) as such Lender's "Tranche B Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.06.

"TRANCHE B LENDER" means each Lender that has a Tranche B Commitment on the signature pages hereof or any Eligible Assignee to which a portion of the Tranche B Commitment hereunder has been assigned pursuant to Section 8.07.

"UNUSED COMMITMENT" means, with respect to each Tranche A Lender at any time, (a) such Lender's Tranche A Commitment at such time MINUS (b) the sum of (i) the aggregate principal amount (based in respect of any Tranche A Advance denominated in a Committed Currency by reference to the Equivalent thereof in Dollars at such time) of all Tranche A Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, PLUS (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all the Letters of Credit outstanding at such time, (B) the aggregate principal amount of all Tranche A Advances made by each Issuing Bank pursuant to Section 2.04(c) that have not been ratably funded by the Lenders and outstanding at such time and (C) the aggregate principal amount (based in respect of any Competitive Bid Advance denominated in a Foreign Currency by reference to the Equivalent thereof in Dollars at such time) of Competitive Bid Advances then outstanding.

"VOTING STOCK" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. COMPUTATION OF TIME PERIODS. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. THE REVOLVING CREDIT ADVANCES AND LETTERS OF CREDIT. (a) TRANCHE A ADVANCES. Each Tranche A Lender severally agrees, on the terms and conditions hereinafter set forth, to make Tranche A Advances denominated in Dollars or any Committed Currency to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount (based on the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Revolving Credit Borrowing) not to exceed at any time such Lender's Unused Commitment. Each Tranche A Borrowing shall be in an amount not less than the Revolving Credit Borrowing Minimum or the Revolving Credit Borrowing Multiple in excess thereof and shall consist of Tranche A Advances of the same Type and in the same currency made on the same day by the Tranche A Lenders ratably according to their respective Tranche A Commitments. Within the limits of each Lender's Tranche A Commitment, the Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.11 and reborrow under this Section 2.01(a).

(b) LETTERS OF CREDIT. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue standby, commercial and documentary letters of credit (each, a "LETTER OF CREDIT") for the account of the Borrower from time to time on any Business Day during the period from the Effective Date until 30 days before the Termination Date in an aggregate Available Amount (converting all non-Dollar amount into the Equivalent amount in Dollars at such time) (i) for all Letters of Credit issued by the Issuing Banks not to exceed at any time the lesser of (x) the Letter of Credit Facility at such time and (y) such Issuing Bank's Letter of Credit Commitment at such time and (ii) for each such Letter of Credit not to exceed an amount equal to the Unused Commitments of the Tranche A Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the Borrower or the

beneficiary to require renewal) later than 10 Business Days before the Termination Date. Within the limits referred to above, the Borrower may request the issuance of Letters of Credit under this Section 2.01(b), repay any Tranche A Advances resulting from drawings thereunder pursuant to Section 2.04(c) and request the issuance of additional Letters of Credit under this Section 2.01(b).

(c) TRANCHE B ADVANCES. Each Tranche B Lender severally agrees, on the terms and conditions hereinafter set forth, to make Tranche B Advances denominated in Dollars or a Committed Currency to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount (based on the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Revolving Credit Borrowing) not to exceed at any time such Lender's unused Tranche B Commitment. Each Tranche B Borrowing shall be in an amount not less than the Revolving Credit Borrowing Minimum or the Revolving Credit Borrowing Multiple in excess thereof and shall consist of Tranche B Advances of the same Type and in the same currency made on the same day by the Tranche B Lenders ratably according to their respective Tranche B Commitments. Within the limits of each Lender's Tranche B Commitment, the Borrower may borrow under this Section 2.01(c), prepay pursuant to Section 2.11 and reborrow under this Section 2.01(c).

SECTION 2.02. MAKING THE REVOLVING CREDIT ADVANCES. (a) Each Revolving Credit Borrowing shall be made on notice, given not later than (x) 12:00 noon (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, (y) 4:00 P.M. (London time) on the fourth Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, or (z) 12:00 noon (New York City time) on the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower to the Agent (and, in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances, simultaneously to the Sub-Agent), which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Revolving Credit Borrowing (a "NOTICE OF REVOLVING CREDIT BORROWING") shall be by telephone, confirmed promptly in writing, or telecopier or telex in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) whether such Revolving Credit Borrowing consists of Tranche A Advances or Tranche B Advances, (iii) Type of Advances comprising such Revolving Credit Borrowing, (iv) aggregate amount of such Revolving Credit Borrowing and (v) in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances, initial Interest Period and currency for each such Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Revolving Credit Borrowing, in the case of a Revolving Credit Borrowing consisting of Advances denominated in Dollars, and before 11:00 A.M. (London time) on the date of such Revolving Credit Borrowing, in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, make available for the account of its Applicable Lending Office to the Agent at the applicable Agent's Account, in same day funds, such Lender's ratable portion of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02 or at the applicable Payment Office, as the case may be.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurocurrency Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than the Revolving Credit Borrowing Minimum or if the obligation of the Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.09 or 2.13 and (ii) the Eurocurrency Rate Advances may not be outstanding as part of more than sixteen separate Revolving Credit Borrowings.

(c) Each Notice of Revolving Credit Borrowing shall be irrevocable and binding on the Borrower. In the case of any Revolving Credit Borrowing that the related Notice of Revolving Credit Borrowing specifies is to be comprised of Eurocurrency Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such

Lender to fund the Revolving Credit Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Revolving Credit Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Revolving Credit Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Revolving Credit Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the higher of (A) the interest rate applicable at the time to Revolving Credit Advances comprising such Revolving Credit Borrowing and (B) the cost of funds incurred by the Agent in respect of such amount and (ii) in the case of such Lender, (A) the Federal Funds Rate in the case of Advances denominated in Dollars or (B) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Revolving Credit Advance to be made by it as part of any Revolving Credit Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Revolving Credit Advance on the date of such Revolving Credit Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Advance to be made by such other Lender on the date of any Revolving Credit Borrowing.

SECTION 2.03. THE COMPETITIVE BID ADVANCES. (a) Each Tranche A Lender severally agrees that the Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 30 days prior to the Termination Date in the manner set forth below; PROVIDED that the aggregate amount of the Competitive Bid Advances made at any time shall not exceed the Unused Commitments.

(i) The Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Agent (and, in the case of a Competitive Bid Borrowing not consisting of Fixed Rate Advances or LIBO Rate Advances to be denominated in Dollars, simultaneously to the Sub-Agent), by telecopier or telex, a notice of a Competitive Bid Borrowing (a "NOTICE OF COMPETITIVE BID BORROWING"), in substantially the form of Exhibit B-2 hereto, specifying therein the requested (A) date of such proposed Competitive Bid Borrowing, (B) aggregate amount of such proposed Competitive Bid Borrowing, (C) interest rate basis and day count convention to be offered by the Tranche A Lenders, (D) currency of such proposed Competitive Bid Borrowing, (E) in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances, maturity date for repayment of each Fixed Rate Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring 7 days after the date of such Competitive Bid Borrowing or later than the earlier of (I) in the case of Fixed Rate Advances, 180 days and, in the case of LIBO Rate Advances, one, two three, six or nine months, after the date of such Competitive Bid Borrowing and (II) the Termination Date), (F) interest payment date or dates relating thereto, (G) location of the Borrower's account to which funds are to be advanced and (H) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later than (1) 12:00 noon (New York City time) at least one Business Day prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Tranche A Lenders shall be fixed rates per annum (the Advances comprising any such Competitive Bid Borrowing being referred to herein as "FIXED RATE ADVANCES") and that the Advances comprising such proposed Competitive Bid Borrowing shall be denominated in Dollars, (2) 10:00 A.M. (New York City time) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the Advances comprising such Competitive Bid Borrowing shall be LIBO Rate Advances denominated in Dollars, (3) 10:00

A.M. (London time) at least two Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the Advances comprising

such proposed Competitive Bid Borrowing shall be Fixed Rate Advances denominated in Sterling or Euro, (4) 10:00 A.M. (London time) at least three Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the Advances comprising such proposed Competitive Bid Borrowing shall be Fixed Rate Advances denominated in any Foreign Currency other than Sterling or Euro and (5) 10:00 A.M. (London time) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall instead specify in the Notice of Competitive Bid Borrowing that the Advances comprising such Competitive Bid Borrowing shall be LIBO Rate Advances denominated in any Foreign Currency. Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on the Borrower. The Agent or the Sub-Agent, as the case may be, shall in turn promptly notify each Tranche A Lender of each request for a Competitive Bid Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(ii) Each Tranche A Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Advances to the Borrower as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent or the Sub-Agent, as the case may be (which shall give prompt notice thereof to the Borrower), (A) before 10:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances denominated in Dollars, (B) before 11:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, denominated in Dollars, (C) before 12:00 noon (London time) on the Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances denominated in Sterling or Euros, (D) before 12:00 noon (London time) on the third Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances denominated in any Foreign Currency other than Sterling or Euro and (E) before 12:00 noon (London time) on the third Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances denominated in any Foreign Currency, of the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts or the Equivalent thereof in Dollars, as the case may be, of such proposed Competitive Bid Borrowing may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Tranche A Commitment), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Advance; PROVIDED that if the Agent in its capacity as a Tranche A Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Agent or to the Sub-Agent, as the case may be, by the other Tranche A Lenders. If any Tranche A Lender shall elect not to make such an offer, such Lender shall so notify the Agent before 11:00 A.M. (New York City time) or the Sub-Agent before 12:00 noon (London time) on the date on which notice of such election is to be given to the Agent or to the Sub-Agent, as the case may be, by the other Tranche A Lenders, and such Tranche A Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; PROVIDED that the failure by any Tranche A Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(iii) The Borrower shall, in turn, (A) before 11:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances denominated in Dollars, (B) before 12:00 noon (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances denominated in Dollars, (C) before 3:00 P.M. (London time) on the Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances denominated in Sterling or Euro, (D) before 3:00 P.M. (London time) on the third Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a

Competitive Bid Borrowing consisting of Fixed Rate Advances denominated in any Foreign Currency other than Sterling or Euro and (E) before 3:00 P.M. (London time) on the third Business Day prior to the date of such Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances denominated in any Foreign Currency, either:

(x) cancel such Competitive Bid Borrowing by giving the Agent notice to that effect, or

(y) accept one or more of the offers made by any Tranche A Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Agent of the amount of each Competitive Bid Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such Competitive Bid Advance pursuant to paragraph (ii) above) to be made by each Tranche A Lender as part of such Competitive Bid Borrowing, and reject any remaining offers made by Tranche A Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect. The Borrower shall accept the offers made by any Tranche A Lender or Lenders to make Competitive Bid Advances in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Tranche A Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the amount that each such Lender offered at such interest rate.

(iv) If the Borrower notifies the Agent that such Competitive Bid Borrowing is cancelled pursuant to paragraph (iii)(x) above, the Agent shall give prompt notice thereof to the Tranche A Lenders and such Competitive Bid Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Tranche A Lender or Lenders pursuant to paragraph (iii)(y) above, the Agent or the Sub-Agent, as the case may be, shall in turn promptly notify (A) each Tranche A Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Tranche A Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Tranche A Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Agent or the Sub-Agent, as the case may be, has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Tranche A Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing shall, before 1:00 P.M. (New York City time), in the case of Competitive Bid Advances to be denominated in Dollars or 11:00 A.M. (London time), in the case of Competitive Bid Advances to be denominated in any Foreign Currency, on the date of such Competitive Bid Borrowing specified in the notice received from the Agent or the Sub-Agent, as the case may be, pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent or the Sub-Agent, as the case may be pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent (x) in the case of a Competitive Bid Borrowing denominated in Dollars, at its address referred to in Section 8.02, in same day funds, such Lender's portion of such Competitive Bid Borrowing in Dollars and (y) in the case of a Competitive Bid Borrowing in a Foreign Currency, at the Payment Office for such Foreign Currency as shall have been notified by the Agent to the Tranche A Lenders prior thereto, in same day funds, such Lender's portion of such Competitive Bid Borrowing in such Foreign Currency. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the location specified by the Borrower in its Notice of Competitive Bid Borrowing. Promptly after each Competitive Bid Borrowing the Agent will notify each Tranche A Lender of the amount and tenor of the Competitive Bid Borrowing.

(vi) If the Borrower notifies the Agent that it accepts one or more of the offers made by any Tranche A Lender or Lenders pursuant to paragraph (iii)(y) above, such notice of acceptance shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Tranche A Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Advance, as a result of such failure, is not made on such date.

(b) Each Competitive Bid Borrowing shall be in an aggregate amount of \$5,000,000 (or the Equivalent thereof in any Foreign Currency, determined as of the time of the applicable Notice of Competitive Bid Borrowing) or an integral multiple of \$1,000,000 (or the Equivalent thereof in any Foreign Currency, determined as of the time of the applicable Notice of Competitive Bid Borrowing) in excess thereof and, following the making of each Competitive Bid Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, PROVIDED that a Competitive Bid Borrowing shall not be made within three Business Days of the date of any other Competitive Bid Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Tranche A Lender that has made a Competitive Bid Advance, on the maturity date of each Competitive Bid Advance (such maturity date being that specified by the Borrower for repayment of such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above and provided in the Competitive Bid Note evidencing such Competitive Bid Advance), the then unpaid principal amount of such Competitive Bid Advance. The Borrower shall have no right to prepay any principal amount of any Competitive Bid Advance unless, and then only on the terms, specified by the Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above and set forth in the Competitive Bid Note evidencing such Competitive Bid Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance specified by the Tranche A Lender making such Competitive Bid Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by the Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above, as provided in the Competitive Bid Note evidencing such Competitive Bid Advance. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Borrower shall pay interest on the amount of unpaid principal of and interest on each Competitive Bid Advance owing to a Tranche A Lender, payable in arrears on the date or dates interest is payable thereon, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Competitive Bid Advance under the terms of the Competitive Bid Note evidencing such Competitive Bid Advance unless otherwise agreed in such Competitive Bid Note.

(f) The indebtedness of the Borrower resulting from each Competitive Bid Advance made to the Borrower as part of a Competitive Bid Borrowing shall be evidenced by a separate Competitive Bid Note of the Borrower payable to the order of the Tranche A Lender making such Competitive Bid Advance.

SECTION 2.04. ISSUANCE OF AND DRAWINGS AND REIMBURSEMENT UNDER LETTERS OF CREDIT. (a) REQUEST FOR ISSUANCE. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed issuance of such Letter of Credit, by the Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent, prompt notice thereof by telex, telecopier or cable. Each such notice of issuance of a Letter of Credit (a "NOTICE OF Issuance") shall be by telex,

telecopier or cable, confirmed immediately in writing, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount and currency (which shall be a Committed Currency) of such Letter of Credit, (C) expiration date of such Letter of Credit, (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as such Issuing Bank may reasonably specify to the Borrower for use in connection with such requested Letter of Credit (a "LETTER OF CREDIT AGREEMENT"). If the requested form (but not the terms) of such Letter of Credit is acceptable to such Issuing Bank in its sole discretion, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower at its office referred to in Section 8.02 or as otherwise agreed with the Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) PARTICIPATIONS. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Tranche A Lenders, such Issuing Bank hereby grants to each Tranche A Lender, and each Tranche A Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit. The Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Tranche A Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Pro Rata Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the Borrower on the date made, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Tranche A Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Tranche A Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Tranche A Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Pro Rata Share of the Available Amount of such Letter of Credit at each time such Lender's Tranche A Commitment is amended pursuant to Section 2.19, pursuant to an assignment in accordance with Section 8.07 or otherwise pursuant to this Agreement.

(c) DRAWING AND REIMBURSEMENT. The payment by an Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by any such Issuing Bank of a Tranche A Advance, which, in the case of a Letter of Credit denominated in Dollars, shall be a Base Rate Advance, in the amount of such draft or, in the case of a Letter of Credit denominated in a Committed Currency, shall be a Base Rate Advance in the Equivalent in Dollars on the date such draft is paid. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent, each Tranche A Lender shall pay to the Agent such Lender's Pro Rata Share of such outstanding Tranche A Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Issuing Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Tranche A Advance to be funded by such Lender. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Tranche A Lender agrees to fund its Pro Rata Share of an outstanding Tranche A Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, PROVIDED that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Tranche A Lender shall not have so made the amount of such Tranche A Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Tranche A Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Tranche A Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Tranche A Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) LETTER OF CREDIT REPORTS. Each Issuing Bank shall furnish (A) to the Agent on the first Business Day of each week a written report summarizing issuance and expiration dates of Letters of Credit issued during the previous week and drawings during such week under all Letters of Credit, (B) to each Tranche A Lender on the date of each issuance of a Letter of Credit or a drawing thereunder, notice of such issuance or drawing, (C) to the Agent and each Tranche A Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit and (D) to the Borrower on the first Business Day of each fiscal quarter a written report summarizing the issuance and expiration dates of Letters of Credit issued during the previous fiscal quarter, drawings during such fiscal quarter under all Letters of Credit.

(e) FAILURE TO MAKE REVOLVING CREDIT ADVANCES. The failure of any Tranche A Lender to make the Revolving Credit Advance to be made by it on the date specified in Section 2.04(c) shall not relieve any other Tranche A Lender of its obligation hereunder to make its Revolving Credit Advance on such date, but no Tranche A Lender shall be responsible for the failure of any other Tranche A Lender to make the Revolving Credit Advance to be made by such other Tranche A Lender on such date.

SECTION 2.05. FEES. (a) FACILITY FEE. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Revolving Credit Commitment(s) from the Effective Date in the case of each Initial Lender and from the effective date specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 2004, and on the Termination Date.

(b) LETTER OF CREDIT FEES. The Borrower shall pay to the Agent for the account of each Tranche A Lender a commission on such Lender's Pro Rata Share of the average daily aggregate Available Amount of all Letters of Credit outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurocurrency Rate Advances in effect from time to time plus the Applicable Utilization Fee, if any, payable in arrears quarterly on the fifth Business Day of January, April, July and October, commencing in July, 2004, and on the Termination Date.

(c) AGENT'S FEES. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.06. OPTIONAL TERMINATION OR REDUCTION OF THE COMMITMENTS. The Borrower shall have the right, upon at least three Business Days' notice to the Agent, to terminate in whole or permanently reduce ratably in part the respective Unused Commitments, unused Tranche B Commitments or Letter of Credit Commitments of the Lenders, PROVIDED that (x) each partial reduction shall be in the aggregate amount of \$1,000,000 or an integral multiple of \$100,000 in excess thereof and (y) each partial reduction of the Unused Commitments shall automatically reduce the Letter of Credit Commitment to the extent that, after giving effect to such reduction of the Unused Commitments, the Letter of Credit Commitment exceeds the Tranche A Commitments.

SECTION 2.07. REPAYMENT OF REVOLVING CREDIT ADVANCES. (a) The Borrower shall repay to the Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding.

(b) The obligations of the Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by the Borrower is without prejudice to, and does not constitute a waiver of, any rights the Borrower might have or might acquire under Section 8.14 or otherwise as a result of the payment by any Lender of any draft or the reimbursement by the Borrower thereof):

(i) any lack of validity or enforceability of any Loan Document, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C RELATED DOCUMENTS");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, any Agent, any Lender or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of the Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.

SECTION 2.08. INTEREST ON REVOLVING CREDIT ADVANCES. (a) SCHEDULED INTEREST. The Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance owing to each Lender from the date of such Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) BASE RATE ADVANCES. During such periods as such Revolving Credit Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time PLUS (y) the Applicable Margin in effect from time to time PLUS (z) the Applicable Utilization Fee, if any, in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) EURO CURRENCY RATE ADVANCES. During such periods as such Revolving Credit Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving Credit Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Revolving Credit Advance PLUS (y) the Applicable Margin in effect from time to time PLUS (z) the Applicable Utilization Fee, if any, in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(b) DEFAULT INTEREST. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Agent may, and upon the request of the Required Lenders shall, require the Borrower to pay interest ("DEFAULT INTEREST") on (i) the unpaid principal amount of each Revolving Credit Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Revolving Credit Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount

shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above; PROVIDED, HOWEVER, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Agent.

SECTION 2.09. INTEREST RATE DETERMINATION. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Eurocurrency Rate and each LIBO Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.08(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.08(a)(ii).

(b) If, with respect to any Eurocurrency Rate Advances, the Required Lenders notify the Agent that (i) they are unable to obtain matching deposits in the London inter-bank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective Revolving Credit Advances as a part of such Borrowing during its Interest Period or (ii) the Eurocurrency Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon (A) the Borrower will, on the last day of the then existing Interest Period therefor, (1) if such Eurocurrency Rate Advances are denominated in Dollars, either (x) prepay such Advances or (y) Convert such Advances into Base Rate Advances and (2) if such Eurocurrency Rate Advances are denominated in any Committed Currency, either (x) prepay such Advances or (y) exchange such Advances into an Equivalent amount of Dollars and Convert such Advances into Base Rate Advances and (B) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist; PROVIDED that, if the circumstances set forth in clause (ii) above are applicable, the Borrower may elect, by notice to the Agent and the Lenders, to continue such Advances in such Committed Currency for Interest Periods of not longer than one month, which Advances shall thereafter bear interest at a rate per annum equal to the Applicable Margin plus, for each Lender, the cost to such Lender (expressed as a rate per annum) of funding its Eurocurrency Rate Advances by whatever means it reasonably determines to be appropriate. Each Lender shall certify its cost of funds for each Interest Period to the Agent and the Borrower as soon as practicable (but in any event not later than ten Business Days after the first day of such Interest Period).

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be exchanged for an Equivalent amount of Dollars and Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than the Revolving Credit Borrowing Minimum, such Advances shall automatically (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be exchanged for an Equivalent amount of Dollars and Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advances are denominated in Dollars, be Converted into Base Rate Advances and (B) if such Eurocurrency Rate Advances are denominated in any Committed Currency, be exchanged for an Equivalent amount of Dollars and be Converted into Base Rate Advances and (ii) the obligation of the

Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended; PROVIDED that Borrower may elect, by notice to the Agent and the Lenders within one Business Day of such Event of Default, to continue such Advances in such Committed Currency, whereupon the Agent may require that each Interest Period relating to such Eurocurrency Rate Advances shall bear interest at the Overnight Eurocurrency Rate for a period of three Business Days and thereafter, each such Interest Period shall have a duration of not longer than one month. "OVERNIGHT EUROCURRENCY RATE" means the rate per annum applicable to an overnight period beginning on one Business Day and ending on the next Business Day equal to the sum of 1%, the Applicable Interest Rate Margin and the average, rounded upward to the nearest whole multiple of 1/16 of 1%, if such average is not such a multiple, of the respective rates per annum quoted by each Reference Bank to the Agent on request as the rate at which it is offering overnight deposits in the relevant currency in amounts comparable to such Reference Bank's Eurocurrency Rate Advances.

(f) If Telerate Markets Page 3750 is unavailable and fewer than two Reference Banks furnish timely information to the Agent for determining the Eurocurrency Rate or LIBO Rate for any Eurocurrency Rate Advances or LIBO Rate Advances, as the case may be,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurocurrency Rate Advances or LIBO Rate Advances, as the case may be,

(ii) with respect to Eurocurrency Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advance is denominated in Dollars, Convert into a Base Rate Advance and (B) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be prepaid by the Borrower or be automatically exchanged for an Equivalent amount of Dollars and be Converted into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances or LIBO Rate Advances or to Convert Revolving Credit Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.10. OPTIONAL CONVERSION OF REVOLVING CREDIT ADVANCES. The Borrower may on any Business Day, upon notice given to the Agent not later than 12:00 noon (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, Convert all Revolving Credit Advances denominated in Dollars of one Type comprising the same Borrowing into Revolving Credit Advances of the other Type; PROVIDED, HOWEVER, that any Conversion of Eurocurrency Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurocurrency Rate Advances, any Conversion of Base Rate Advances into Eurocurrency Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.11. PREPAYMENTS OF REVOLVING CREDIT ADVANCES. (a) OPTIONAL. The Borrower may, upon notice at least three Business Days' prior to the date of such prepayment, in the case of Eurocurrency Rate Advances, and not later than 12:00 noon (New York City time) on the date of such prepayment, in the case of Base Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; PROVIDED, HOWEVER, that (x) each partial prepayment shall be in an aggregate principal amount of not less than the

Revolving Credit Borrowing Minimum or a Revolving Credit Borrowing Multiple in excess thereof and (y) in the event of any such prepayment of a Eurocurrency Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

(b) MANDATORY. (i) If, on any date, the Agent notifies the Borrower that, on any interest payment date, the Equivalent in Dollars (determined on the third Business Day prior to such interest payment date) of the aggregate principal amount of all Tranche A Advances or all Tranche B Advances then outstanding exceeds 105% of the aggregate Tranche A Commitments or the Tranche B Commitments, as the case may be, on such date, the Borrower shall, as soon as practicable and in any event within two Business Days after receipt of such notice, subject to the proviso to this sentence set forth below, prepay the outstanding principal amount of any Tranche A Advances or Tranche B Advances in an aggregate amount sufficient to reduce such amount to an amount not to exceed 100% of the aggregate Tranche A Commitments or the Tranche B Commitments, as the case may be, on such date together with any interest accrued to the date of such prepayment on the aggregate principal amount of the Tranche A Advances or Tranche B Advances prepaid; PROVIDED that if the date of such required prepayment is not the last day of an Interest Period for a Eurocurrency Rate Advance, such required prepayment shall be deferred until the last day of the Interest Period of the outstanding Eurocurrency Rate Advances. The Agent shall give prompt notice of any prepayment required under this Section 2.11(b) to the Borrower and the Lenders, and shall provide prompt notice to the Borrower of any such notice of required prepayment received by it from any Lender.

(ii) Each prepayment made pursuant to this Section 2.11(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance or a LIBO Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 8.04(c). The Agent shall give prompt notice of any prepayment required under this Section 2.11(b) to the Borrower and the Lenders.

SECTION 2.12. INCREASED COSTS. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof or (ii) the compliance with any guideline or request from any central bank or other governmental authority made after the date hereof including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Advances or LIBO Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding for purposes of this Section 2.12 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.15 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate in reasonable detail as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) effected after the date hereof affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate in reasonable detail as to such amounts submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; PROVIDED that the Borrower shall not

be required to compensate a Lender pursuant to this Section for any increased

costs or reductions incurred more than six months prior to the date that such Lender notifies the Borrower of the change giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; PROVIDED FURTHER that, if the change giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.13. ILLEGALITY. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances in Dollars or any Committed Currency or LIBO Rate Advances in Dollars or any Foreign Currency or to fund or maintain Eurocurrency Rate Advances in Dollars or any Committed Currency or LIBO Rate Advances in Dollars or any Foreign Currency hereunder, (a) each Eurocurrency Rate Advance or LIBO Rate Advance denominated in such currency, as the case may be, will automatically, upon such demand, (i) if such Eurocurrency Rate Advance or LIBO Rate Advance is denominated in Dollars, be Converted into a Base Rate Advance or an Advance that bears interest at the rate set forth in Section 2.08(a)(i), as the case may be, and (ii) if such Eurocurrency Rate Advance or LIBO Rate Advance is denominated in any Foreign Currency, be exchanged into an Equivalent amount of Dollars and be Converted into a Base Rate Advance and (b) the obligation of the Lenders to make Eurocurrency Rate Advances or LIBO Rate Advances in such currency or to Convert Revolving Credit Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.14. PAYMENTS AND COMPUTATIONS. (a) The Borrower shall make each payment hereunder (except with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Foreign Currency), irrespective of any right of counterclaim or set-off, not later than 12:00 noon (New York City time) on the day when due in Dollars to the Agent at the applicable Agent's Account in same day funds. The Borrower shall make each payment hereunder with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Foreign Currency, irrespective of any right of counterclaim or set-off, not later than 12:00 noon (at the Payment Office for such Foreign Currency) on the day when due in such Foreign Currency to the Agent, by deposit of such funds to the applicable Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.03, 2.12, 2.15 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.19, and upon the Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date, the Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

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

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, all computations of interest based on the Eurocurrency Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days and computations in respect of Competitive Bid Advances shall be made by the Agent as specified in the applicable Notice of Competitive Bid Borrowing (or, in each case of Advances

denominated in Foreign Currencies where market practice differs, in accordance with market practice), in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes 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 or facility fee, as the case may be; PROVIDED, HOWEVER, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances or LIBO Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at (i) the Federal Funds Rate in the case of Advances denominated in Dollars or (ii) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Foreign Currencies.

(f) To the extent that the Agent receives funds for application to the amounts owing by any Loan Party under or in respect of this Agreement or any other Loan Document in currencies other than the currency or currencies required to enable the Agent to distribute funds to the Lenders in accordance with the terms of this Section 2.14, the Agent shall be entitled to convert or exchange such funds into Dollars or into a Foreign Currency or from Dollars to a Foreign Currency or from a Foreign Currency to Dollars, as the case may be, to the extent necessary to enable the Agent to distribute such funds in accordance with the terms of this Section 2.14; PROVIDED that the Borrower and each of the Lenders hereby agree that the Agent shall not be liable or responsible for any loss, cost or expense suffered by the Borrower or such Lender as a result of any conversion or exchange of currencies affected pursuant to this Section 2.14(f) or as a result of the failure of the Agent to effect any such conversion or exchange; and PROVIDED FURTHER that the Borrower agrees to indemnify the Agent and each Lender, and hold the Agent and each Lender harmless, for any and all losses, costs and expenses incurred by the Agent or any Lender for any conversion or exchange of currencies (or the failure to convert or exchange any currencies) in accordance with this Section 2.14(f).

SECTION 2.15. TAXES. (a) Any and all payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder shall be made, in accordance with Section 2.14 or the applicable provisions of such other documents, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, EXCLUDING, in the case of each Lender, the Sub-Agent and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender, the Sub-Agent or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "TAXES"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender, the Sub-Agent or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.15) such Lender, the Sub-Agent or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future

stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes any

other documents to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement, any other Loan Document or any other documents to be delivered hereunder or thereunder (hereinafter referred to as "OTHER TAXES").

(c) The Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this Section 2.15) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor by delivery of an invoice in reasonable detail evidencing the amounts owed.

(d) Within 30 days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent. In the case of any payment hereunder or under the Notes or any other documents to be delivered hereunder by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "UNITED STATES" and "UNITED STATES PERSON" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Borrower with two original Internal Revenue Service forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; PROVIDED, HOWEVER, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form W-8BEN or W-8ECI, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form, certificate or other document described in Section 2.15(e) (OTHER THAN if such failure is due to a change in law, or in the interpretation or application thereof, occurring subsequent to the date on which a form, certificate or other document originally was required to be provided, or if such form, certificate or other document otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.15(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; PROVIDED, HOWEVER, that should a Lender become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.15 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurocurrency Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.16. SHARING OF PAYMENTS, ETC. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances owing to it (other than pursuant to Section 2.12, 2.15 or 8.04(c)) in excess of its ratable share of payments on account of the Revolving Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; PROVIDED, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.17. EVIDENCE OF DEBT. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Revolving Credit Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Revolving Credit Advances. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Agent) to the effect that a Revolving Credit Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Revolving Credit Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Revolving Credit Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment(s) of such Lender.

(b) The Register maintained by the Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be PRIMA FACIE evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; PROVIDED, HOWEVER, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.18. USE OF PROCEEDS. The proceeds of the Advances and issuances of Letters of Credit shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries.

SECTION 2.19. INCREASE IN THE AGGREGATE COMMITMENTS. (a) The Borrower may, at any time but in any event not more than once in any calendar year prior to the Termination Date, by notice to the Agent, request that the aggregate amount of the Tranche A Commitment be increased by an amount of \$25,000,000 or an integral multiple thereof (each a "COMMITMENT INCREASE") to be

effective as of a date that is at least 90 days prior to the scheduled Termination Date then in effect (the "INCREASE DATE") as specified in the related notice to the Agent; PROVIDED, HOWEVER that (i) in no event shall the aggregate amount of the Tranche A Commitments at any time exceed \$900,000,000 and (ii) on the date of any request by the Borrower for a Commitment Increase and on the related Increase Date (A) the Public Debt Rating shall be BBB- or better from S&P and Baa3 or better from Moody's and (B) the applicable conditions set forth in Article III shall be satisfied.

(b) The Agent shall promptly notify the Lenders of a request by the Borrower for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Tranche A Commitments (the "COMMITMENT Date"). Each Lender that is willing to participate in such requested Commitment Increase (each an "INCREASING LENDER") shall, in its sole discretion, give written notice to the Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Tranche A Commitment. If the Lenders notify the Agent that they are willing to increase the amount of their respective Tranche A Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among the Lenders willing to participate therein in such amounts as are agreed between the Borrower and the Agent. No Lender shall have any obligation to participate in any requested Commitment Increase, and the election of any Lender to participate in a requested Commitment Increase shall not obligate any other Lender to so participate.

(c) Promptly following each Commitment Date, the Agent shall notify the Borrower as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in any requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, then the Borrower may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase that has not been committed to by the Lenders as of the applicable Commitment Date; PROVIDED, HOWEVER, that the Commitment of each such Eligible Assignee shall be in an amount of \$5,000,000 or an integral multiple thereof.

(d) On each Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.19(b) (each, an "ASSUMING LENDER") shall become a Lender party to this Agreement as of such Increase Date and the Tranche A Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.19(b)) as of such Increase Date; PROVIDED, HOWEVER, that the Agent shall have received on or before such Increase Date the following, each dated such date:

(i) (A) certified copies of resolutions of the Board of Directors of the Borrower or the Executive Committee of such Board approving the Commitment Increase and the corresponding modifications to this Agreement and (B) an opinion of counsel for the Borrower (which may be in-house counsel), in substantially the form of Exhibit E hereto;

(ii) an assumption agreement from each Assuming Lender, if any, in form and substance satisfactory to the Borrower and the Agent (each an "ASSUMPTION AGREEMENT"), duly executed by such Eligible Assignee, the Agent and the Borrower; and

(iii) confirmation from each Increasing Lender of the increase in the amount of its Commitment in a writing satisfactory to the Borrower and the Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.19(d), the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrower, on or before 1:00 P.M. (New York City time), by telecopier or telex, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. CONDITIONS PRECEDENT TO EFFECTIVENESS OF SECTIONS 2.01 AND 2.03. Sections 2.01 and 2.03 of this Agreement shall become effective on and as of the first date (the "EFFECTIVE DATE") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since December 27, 2003.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect other than the matters described on Schedule 3.01(b) hereto (the "DISCLOSED LITIGATION") or (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the transactions contemplated hereby, and there shall have been no adverse change in the status, or financial effect on the Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(c) Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Information Memorandum and all other Confidential Information provided to the Lenders prior to the date hereof was or has become misleading, incorrect or incomplete in any material respect; without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(e) The Borrower shall have notified the Agent in writing as to the proposed Effective Date.

(f) The Borrower shall have paid all accrued fees and expenses of the Agent and the Lenders (including the accrued reasonable fees and expenses of counsel to the Arrangers).

(g) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Revolving Credit Notes) in sufficient copies for each Lender:

(i) The Revolving Credit Notes to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.17.

(ii) a guaranty in substantially the form of Exhibit D hereto (together with each other guaranty or guaranty supplement delivered pursuant to Section 5.01(j), in each case as amended, the "GUARANTY"), duly executed by each Guarantor.

(iii) Certified copies of the resolutions of the Board of Directors of each Loan Party approving each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to each Loan Document to which it is or is to be a party.

(iv) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign each Loan Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

(v) A favorable opinion Brian Dan, Associate General Counsel of the Borrower and a favorable opinion of McDermott, Will & Emery, counsel for the Loan Parties, substantially in the form of Exhibits E-1 and E-2 hereto, respectively, and as to such other matters as any Lender through the Agent may reasonably request.

(vi) A favorable opinion of Shearman & Sterling LLP, counsel for the Arrangers, in form and substance satisfactory to the Agent.

(i) The Borrower shall have terminated the commitments, and arranged, contemporaneously with the initial Borrowing under this Agreement, to have paid in full all Debt, interest, fees and other amounts outstanding, under the Three Year Credit Agreement dated as April 24, 2002, as amended, among the Borrower, the lenders parties thereto and Wachovia Bank, National Association, as agent, and each of the Lenders that is a party to each such credit facility hereby waives, upon execution of this Agreement, the three Business Days' notice required by Section 2.06 of each such Credit Agreement relating to the termination of commitments thereunder.

SECTION 3.02. CONDITIONS PRECEDENT TO EACH REVOLVING CREDIT BORROWING, LETTER OF CREDIT ISSUANCE AND COMMITMENT INCREASE. The obligation of each Lender to make a Revolving Credit Advance on the occasion of each Revolving Credit Borrowing, the obligation of each Issuing Bank to issue a Letter of Credit and each Commitment Increase shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Revolving Credit Borrowing, issuance or the applicable Increase Date (a) the following statements shall be true (and each of the giving of the applicable Notice of Revolving Credit Borrowing, Notice of Issuance, request for Commitment Increase and the acceptance by the Borrower of the proceeds of such Revolving Credit Borrowing or Letter of Credit shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or such issuance or such Increase Date such statements are true):

(i) the representations and warranties contained in each Loan Document (other than, in the case of a Revolving Credit Borrowing or the issuance of a Letter of Credit, the representations set forth in the last sentence of subsection 4.01(e) hereof and in subsection 4.01(f)(i) hereof) and are correct on and as of such date, before and after giving effect to such Revolving Credit Borrowing, such issuance, such Commitment Increase and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) no event has occurred and is continuing, or would result from such Revolving Credit Borrowing, such issuance, such Commitment Increase or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request.

SECTION 3.03. CONDITIONS PRECEDENT TO EACH COMPETITIVE BID BORROWING. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing to make such Competitive

Bid Advance as part of such Competitive Bid Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, (ii) on or before the date of such Competitive Bid Borrowing, but prior to such Competitive Bid Borrowing, the Agent shall have received a Competitive Bid Note payable to the order of such Lender for each of the one or more Competitive Bid Advances to be made by such Lender as part of such Competitive Bid Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Advance in accordance with Section 2.03, and (iii) on the date of such Competitive Bid Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Competitive Bid Borrowing and the acceptance by the Borrower of the proceeds of such Competitive Bid Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Competitive Bid Borrowing such statements are true):

(a) the representations and warranties contained in each Loan Document (other than the representations set forth in the last sentence of subsection 4.01(e) hereof and in subsection 4.01(f)(i) hereof) are correct on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(b) no event has occurred and is continuing, or would result from such Competitive Bid Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

SECTION 3.04. DETERMINATIONS UNDER SECTION 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower represents and warrants as follows:

(a) Each Loan Party and their Material Subsidiaries (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it own or leases property or in which the conduct of its business requires it to so qualify or be licensed, except where the failure to be so qualified would not have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted as and proposed to be conducted.

(b) The execution, delivery and performance by each Loan Party of each Loan Document to which it is or is to be a party, and the consummation of the transactions contemplated hereby and thereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) such Loan Party's charter or by-laws or (ii) law or any contractual restriction binding on or affecting any Loan Party, any of its Subsidiaries or any of its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by any Loan Party of the Loan Documents to which it is or is to be a party.

(d) This Agreement has been, and each of the other Loan Documents when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each of the other Loan Documents when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto enforceable against such Loan Party in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 27, 2003, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Deloitte & Touche LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied. Since December 27, 2003, there has been no Material Adverse Change.

(f) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the transactions contemplated hereby, and there has been no adverse change in the status, or financial effect on the Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(g) Neither the Information Memorandum nor any other information, exhibit or report furnished by or on behalf of any Loan Party to the Agent or and Lender in connection with the negotiation and syndication of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading.

(h) The Borrower and each of its Material Subsidiaries has filed, has caused to be filed or has been included in all tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties.

(i) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(j) The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(k) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes, and none of such property is subject to any Lien, except as permitted by Section 5.02(a).

(l) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the

rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(m) All intercompany loans in an outstanding principal amount of \$25,000,000 or more by the Borrower or a Guarantor to a Subsidiary of the Borrower that is not a Guarantor as of the Effective Date are described on Schedule 4.01(m) hereto.

(n) The Borrower and its Subsidiaries have experienced no strikes, labor disputes, slow downs or work stoppages due to labor disagreements which have had, or would reasonably be expected to have, a Materially Adverse Effect, and, to the best knowledge of the Borrower, there are no such strikes, disputes, slow downs or work stoppages threatened against the Borrower or any of its Subsidiaries.

(o) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. AFFIRMATIVE COVENANTS. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder or any Letter of Credit shall be outstanding, the Borrower will:

(a) COMPLIANCE WITH LAWS, ETC. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws, except to the extent that any such non-compliance, in the aggregate, would not have a material negative impact on any Loan Party and its Subsidiaries, taken as a whole.

(b) PAYMENT OF TAXES, ETC. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; PROVIDED, HOWEVER, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) MAINTENANCE OF INSURANCE. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates; PROVIDED, however, that the Borrower and its Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates and to the extent consistent with prudent business practice.

(d) PRESERVATION OF CORPORATE EXISTENCE, ETC. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; PROVIDED, HOWEVER, that (i) the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and (ii) neither the Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower, such Subsidiary or the Lenders, PROVIDED, FURTHER, that

the foregoing shall not restrict any Person other than a Loan Party to the extent that the failure to so comply would not be reasonably likely to have a Material Adverse Effect.

(e) VISITATION RIGHTS. At any reasonable time and from time to time during normal business hours, permit the Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, PROVIDED that so long as no Default shall have occurred and be continuing, the Agent and each Lender shall visit the Borrower and its Subsidiaries not more than four times in any year.

(f) KEEPING OF BOOKS. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) MAINTENANCE OF PROPERTIES, ETC. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) TRANSACTIONS WITH AFFILIATES. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(i) REPORTING REQUIREMENTS. Furnish to the Agent:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Borrower as having been prepared in accordance with generally accepted accounting principles and certificates of the chief financial officer, treasurer or controller of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, PROVIDED that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion acceptable to the Required Lenders by Deloitte & Touche LLP or other independent public accountants acceptable to the Required Lenders and

certificates of the chief financial officer, treasurer or controller of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, PROVIDED that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within five days after an Executive Officer has notice or knowledge of the occurrence of each Default continuing on the date of such statement, a statement of an Executive Officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securityholders, and copies of all reports and registration statements that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(f); and

(vi) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

(j) COVENANT TO GUARANTEE OBLIGATIONS. The Borrower shall, with respect to any Person that subsequent to the Effective Date, becomes a Subsidiary that is organized in a jurisdiction within the United States having total assets that accounted for or produced, or would on a pro forma basis have accounted for or produced, more than 10% of Consolidated EBITR of the Borrower during any of the three most recently completed fiscal years of the Borrower, promptly cause such Subsidiary to become a party to the Guaranty pursuant to documentation that is in form and substance satisfactory to the Agent.

(k) OWNERSHIP OF GUARANTORS. Maintain at least its percentage of ownership existing as of the date hereof of all Guarantors, and maintain its ownership percentage in each Person which becomes a Guarantor after the date hereof, as such ownership exists at the time such Person becomes a Guarantor.

SECTION 5.02. NEGATIVE COVENANTS. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder or any Letter of Credit shall be outstanding, the Borrower will not:

(a) LIENS, ETC. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) purchase money Liens upon or in any real property, improvement or equipment acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property, improvement or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of such property, improvement or equipment, or Liens existing on such property, improvement or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, PROVIDED, HOWEVER, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired, and no such extension, renewal or replacement shall

extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced, PROVIDED FURTHER that the aggregate principal amount of the indebtedness secured by the Liens referred to in this clause (ii) shall not exceed \$200,000,000 at any time outstanding,

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto,

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; PROVIDED that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary,

(v) Liens relating to an accounts receivable securitization program in an amount not to exceed \$350,000,000,

(vi) other Liens securing Debt in an aggregate principal amount not to exceed \$50,000,000 at any time outstanding, and

(vii) the replacement, extension or renewal of any Lien permitted by clause (iii) or (iv) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) MERGERS, ETC. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (i) any Subsidiary of the Borrower may merge or consolidate with or into, or dispose of assets to, any other Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower formed in connection with an accounts receivable securitization program solely for the purpose of selling its assets may sell all or substantially all of its assets in connection with such securitization and (iii) any Subsidiary of the Borrower may merge into or dispose of assets to the Borrower so long as the Borrower is the surviving corporation, PROVIDED, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) ACCOUNTING CHANGES. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles.

(d) CHANGE IN NATURE OF BUSINESS. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof or related or incidental thereto.

(e) INVESTMENTS IN OTHER PERSONS. Make or hold, or permit any of its Subsidiaries to make or hold, any Investment in any other Person other than:

(i) Investments by the Borrower and its Subsidiaries in the Guarantors or in any Person that immediately after the making of such Investment becomes a Guarantor;

(ii) Investments existing on the date hereof and listed on Schedule 5.02(e);

(iii) Investments relating to an accounts receivable securitization program in an amount not to exceed \$350,000,000,

(iv) loans and advances to employees in the ordinary course of the business of the Borrower and its Subsidiaries as presently conducted in an aggregate principal amount not to exceed \$10,000,000 at any time outstanding;

(v) Investments in Marketable Securities;

(vi) Investments consisting of Debt payable by any Subsidiary of the Borrower to the Borrower or any of its Subsidiaries;

(vii) other Investments not included in clauses (i) through (vi) above in an aggregate amount invested not to exceed \$500,000,000,

(viii) Investments of earnings generated by Subsidiaries of the Borrower organized outside of the United States in (A) time deposits maturing within one year from the date of purchase thereof, including certificates of deposit issued by any bank or trust company organized outside of the United States and has total assets aggregating at least \$500,000,000 or the Equivalent in a foreign currency, (B) asset backed obligations or certificates of interest in such asset backed obligations, rated at least Aa by Moody's or AA by S&P, (C) obligations issued by states, counties and municipalities, rated at least MIG-1 or VMIG-1 by Moody's or AP1 by S&P, with a maturity not to exceed 180 days and (D) money market funds at least 90% of the assets of which are constituted of the foregoing.

(ix) Investments by Subsidiaries of the Borrower that are not Guarantors in other Subsidiaries of the Borrower that are not Guarantors, and

(x) accretions in equity value of any Investment otherwise permitted under this Section 5.02(e).

(f) NEGATIVE PLEDGE. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its property or assets except (i) in favor of the Lenders or (ii) in connection with (A) any purchase money Debt permitted by Section 5.02(a)(ii) or (vi) solely to the extent that the agreement or instrument governing such Debt prohibits a Lien on the property acquired with the proceeds of such Debt or (B) any Debt outstanding on the date any Subsidiary of the Borrower becomes such a Subsidiary (so long as such agreement was not entered into solely in contemplation of such Subsidiary becoming a Subsidiary of the Borrower).

(g) SUBSIDIARY DEBT. Permit any of its Subsidiaries to create or suffer to exist, any Debt other than:

(i) Debt owed to the Borrower or to a wholly owned Subsidiary of the Borrower,

(ii) Debt existing on the Effective Date and described on Schedule 5.02(g) hereto (the "EXISTING DEBT"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Debt, PROVIDED that the principal amount of such Existing Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(iii) Debt secured by Liens permitted by Section 5.02(a)(ii), (iv) or (v),

(iv) Debt incurred in the ordinary course of business aggregating for all of the Borrower's Subsidiaries not more than \$200,000,000 at any one time outstanding, and

(v) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

(h) ACTIONS UNDER CERTAIN DOCUMENTS. Modify, amend, cancel or rescind any agreements or documents evidencing or governing Subordinated Debt.

SECTION 5.03. FINANCIAL COVENANTS. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder or any Letter of Credit shall be outstanding, the Borrower will:

(a) FIXED CHARGE COVERAGE RATIO. Maintain a ratio of Consolidated EBITR of the Borrower and its Subsidiaries to the sum of (i) net interest payable on, and amortization of debt discount in respect of, all Debt during such period PLUS (ii) rentals payable under leases of real or personal, or mixed, property during such period PLUS (iii) interest and other continuing program fees (excluding initial closing fees) related to an accounts receivable securitization program payable during such period, in each case, by the Borrower and its Subsidiaries of not less than the amount set forth below for each period set forth below:

PERIOD	RATIO
Effective Date until March 31, 2007	1.50:1.00
April 1, 2007 and thereafter	1.70:1.00

(b) LEVERAGE RATIO. Maintain a ratio of Consolidated Debt to the sum of Consolidated Debt plus shareholders' equity of not greater than 0.45:1.00.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. EVENTS OF DEFAULT. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d) (as to the existence of any Loan Party), (e), (h) or (i), 5.02 or 5.03, or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$50,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a

regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments or orders for the payment of money in excess of \$50,000,000 in the aggregate shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; PROVIDED, HOWEVER, that any such judgment or order shall not be an Event of Default under this Section 6.01(f) if and for so long as (i) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least "A" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) the Borrower shall cease at any time to own, directly or indirectly, a majority of the Voting Stock of each Guarantor; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 40% or more of the combined voting power of all Voting Stock of the Borrower; or

(i) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 or 5.01(j) shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(j) The Borrower or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of \$50,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than Tranche A Advances by an Issuing Bank or a Lender pursuant to Section 2.02(b)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand,

protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; PROVIDED, HOWEVER, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances (other than Tranche A Advances by an Issuing Bank or a Lender pursuant to Section 2.02(b)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 6.02. ACTIONS IN RESPECT OF THE LETTERS OF CREDIT UPON DEFAULT. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, (a) pay to the Agent on behalf of the Lender Parties in same day funds at the Agent's office designated in such demand, for deposit in the L/C Cash Collateral Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding or (b) make such other arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders. If at any time the Agent determines that any funds held in the L/C Cash Collateral Account are subject to any right or claim of any Person other than the Agent and the Lender Parties or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrower will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in the L/C Cash Collateral Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Collateral Account that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, to the extent funds are on deposit in the L/C Cash Collateral Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law.

ARTICLE VII

THE AGENT

SECTION 7.01. AUTHORIZATION AND ACTION. Each Lender (in its capacities as a Lender and Issuing Bank (as applicable)) hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; PROVIDED, HOWEVER, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent shall be fully justified in failing or refusing to take any action under this Agreement and the other Loan Documents unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action except for its own gross negligence or willful misconduct. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement, provided that the Agent shall have no liability for the failure or delay in giving such notices. The Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorneys-in-fact selected by the Agent in the absence of gross negligence or willful misconduct.

SECTION 7.02. AGENT'S RELIANCE, ETC. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the Lender that made any Advance as the holder of the Debt resulting therefrom until the Agent receives and accepts an Assumption Agreement entered into by an Assuming Lender as provided in Section 2.19 or an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be

taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or the existence at any time of any Default or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties. The Agent shall be entitled to rely, and shall be fully protected in relying in good faith, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including without limitation counsel to the Borrower), independent accountants and other experts selected by the Agent.

SECTION 7.03. WACHOVIA AND AFFILIATES. With respect to its Commitment, the Advances made by it and the Note issued to it, Wachovia shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Wachovia in its individual capacity. Wachovia and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Wachovia were not the Agent and without any duty to account therefor to the Lenders. The Agent shall have no duty to disclose information obtained or received by it or any of its Affiliates relating to the Borrower or its Subsidiaries to the extent such information was obtained or received in any capacity other than as Agent.

SECTION 7.04. LENDER CREDIT DECISION. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. INDEMNIFICATION. (a) The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Revolving Credit Advances then owed to each of them (or if no Revolving Credit Advances are at the time outstanding, ratably according to the respective amounts of their Revolving Credit Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "INDEMNIFIED COSTS"), PROVIDED that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks (to the extent not promptly reimbursed by the Borrower) from and against such Lender's Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; PROVIDED, HOWEVER, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Pro Rata Share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under Section 8.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrower.

(c) The failure of any Lender to reimburse the Agent or any such Issuing Bank, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent or such Issuing Bank, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent or Issuing Bank, as the case may be, for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any such Issuing Bank, as the case may be, for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 7.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 7.06. SUCCESSOR AGENT. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.07. SUB-AGENT. The Sub-Agent has been designated under this Agreement to carry out duties of the Agent. The Sub-Agent shall be subject to each of the obligations in this Agreement to be performed by the Sub-Agent, and each of the Borrower and the Lenders agrees that the Sub-Agent shall be entitled to exercise each of the rights and shall be entitled to each of the benefits of the Agent under this Agreement as relate to the performance of its obligations hereunder.

SECTION 7.08. OTHER AGENTS. Each Lender hereby acknowledges that neither the documentation agent nor any other Lender designated as any "Agent" on the signature pages hereof has any liability hereunder other than in its capacity as a Lender.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement or the Revolving Credit Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; PROVIDED, HOWEVER, that no amendment, waiver

or consent shall, unless in writing and signed by the Required Lenders and each of the Lenders affected thereby, do any of the following: (a) waive any of the conditions specified in Section 3.01, (b) increase the Commitments of the Lenders, (c) reduce the principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (e) change the percentage of the Revolving Credit Commitments, the aggregate Available Amount of outstanding Letters of Credit or of the aggregate unpaid principal amount of the Revolving Credit Advances that shall be required for the Lenders or any of them to take any action hereunder, (f) reduce or limit the obligations of any Guarantor under Section 1 of the Guaranty or release such Guarantor or otherwise limit such Guarantor's liability with respect to the obligations owing to the Agent and the Lenders (other than to the extent permitted under the Guaranty) or (g) amend this Section 8.01; and PROVIDED FURTHER that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note; and PROVIDED FURTHER that no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, affect the rights or obligation of the Issuing Banks under this Agreement.

SECTION 8.02. NOTICES, ETC. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at 22 Old Germantown Road, Delray Beach, Florida 33445, Attention: Carolyn Clarke; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 201 South College Street, Charlotte, NC 28288-0680, Attention: Syndication Agency Services; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed or telexed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to the Agent pursuant to Article II, III or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. NO WAIVER; REMEDIES. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. COSTS AND EXPENSES. (a) The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "INDEMNIFIED PARTY") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without

limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance or LIBO Rate Advance is made by the Borrower to or for the account of a Lender (i) other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.09, 2.11 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a) or (ii) as a result of a payment or Conversion pursuant to Section 2.09, 2.11 or 2.13, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance. If the amount of the Committed Currency purchased by any Lender in the case of a Conversion or exchange of Advances in the case of Section 2.09 or 2.13 exceeds the sum required to satisfy such Lender's liability in respect of such Advances, such Lender agrees to remit to the Company such excess.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.12, 2.15 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. RIGHT OF SET-OFF. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates 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 such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmaturred. Each Lender agrees promptly to notify the Borrower after any such set-off and application, PROVIDED that the failure to give such notice shall not affect the validity of such set-off and application. The amount of any set-off under this Section 8.05 shall be denominated in Dollars, and any amounts owing to the applicable Lender in any Committed Currency shall be in an amount equal to the amount of Dollars that such Lender shall determine by reference to the spot exchange rate determined by such Lender to be available (or such other reasonable method of determining a rate of exchange as the Lender may deem applicable), such determination of such amount of Dollars to be conclusive and binding in the absence of manifest error. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. BINDING EFFECT. This Agreement shall become effective (other than Sections 2.01 and 2.03, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. ASSIGNMENTS AND PARTICIPATIONS. (a) Each Lender may and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.12 or 2.15 or an assertion by such Lender under Section 2.13) upon at least five Business Days' notice to such Lender and the Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment, the Revolving Credit Advances owing to it and the Revolving Credit Note or Notes held by it); PROVIDED, HOWEVER, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under and in respect of one or more of the Tranche A Facility, the Tranche B Facility or the Letter of Credit Facility, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof unless the Borrower and the Agent otherwise agree, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vi) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of \$3,500 payable by the parties to each such assignment, PROVIDED, HOWEVER, that in the case of each assignment made as a result of a demand by the Borrower, such recordation fee shall be payable by the Borrower except that no such recordation fee shall be payable in the case of an assignment made at the request of the Borrower to an Eligible Assignee that is an existing Lender, and (vii) any Lender may, without the approval of the Borrower and the Agent, assign all or a portion of its rights to any of its Affiliates. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Section 2.12, 2.15 and 8.04 to the extent any claim thereunder relates to an event arising prior such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii)

such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender or as an Issuing Bank, as the case may be.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Revolving Credit Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(d) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitments of, and principal amount of the Advances owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Tranche A Commitment or Tranche B Commitment, the Advances owing to it and any Note or Notes held by it); PROVIDED, HOWEVER, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitments to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; PROVIDED that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender.

(g) The Issuing Banks may assign to an Eligible Assignee its rights and obligations or any portion of the undrawn Letter of Credit Commitment of such Issuing Bank at any time; PROVIDED, HOWEVER, that (i) the amount of the Letter of Credit Commitment of the assigning Issuing Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than

\$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and (ii) the

parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,500.

(h) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 8.08. CONFIDENTIALITY. Neither the Agent nor any Lender shall disclose any Confidential Information to any other Person without the consent of the Borrower, other than (a) to the Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and, as contemplated by Section 8.07(f), to actual or prospective assignees and participants, that are informed of the confidential nature of the Confidential Information and who agree to be bound by the terms and conditions of this Section 8.08, (b) as required by any law, rule or regulation or judicial process, provided that, to the extent permitted by law, a request is made for confidential treatment of such information, (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking and (d) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder.

SECTION 8.09. GOVERNING LAW. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.10. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.11. JUDGMENT. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase Dollars with such other currency at the Sub-Agent's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in a Foreign Currency into Dollars, the parties agree to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase such Foreign Currency with Dollars at the Sub-Agent's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(c) The obligation of the Borrower in respect of any sum due from it in any currency (the "PRIMARY CURRENCY") to any Lender or the Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be), of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Agent (as the case may be) in the applicable Primary Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the Agent (as the case may be) in the applicable Primary Currency, such Lender or the Agent (as the case may be) agrees to remit to the Borrower such excess.

SECTION 8.12. JURISDICTION, ETC. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any

appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Borrower hereby agrees that service of process in any such action or proceeding brought in the any such New York State court or in such federal court may be made upon CT Corporation System at its offices at 1633 Broadway, New York, New York 10019 (the "PROCESS AGENT") and the Borrower hereby irrevocably appoints the Process Agent its authorized agent to accept such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. The Borrower hereby further irrevocably consents to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Borrower at its address specified pursuant to Section 8.02. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.13. SUBSTITUTION OF CURRENCY. If a change in any Foreign Currency occurs pursuant to any applicable law, rule or regulation of any governmental, monetary or multi-national authority, this Agreement (including, without limitation, the definitions of Eurocurrency Rate and LIBO Rate) will be amended to the extent determined by the Agent (acting reasonably and in consultation with the Borrower) to be necessary to reflect the change in currency and to put the Lenders and the Borrower in the same position, so far as possible, that they would have been in if no change in such Foreign Currency had occurred.

SECTION 8.14. NO LIABILITY OF THE ISSUING BANKS. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither an Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the Borrower proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 8.15. WAIVER OF JURY TRIAL. Each of the Borrower, the Agent, the Sub-Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

OFFICE DEPOT, INC.

By _____
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Agent

By _____
Title:

INITIAL LENDERS

LETTER OF CREDIT COMMITMENT

\$300,000,000

WACHOVIA BANK, NATIONAL ASSOCIATION

By _____
Title:

\$50,000,000

SUNTRUST BANK

By _____
Title:

\$350,000,000

Total of the Letter of Credit Commitments

TRANCHE A COMMITMENT

\$72,500,000

CITICORP USA, INC.

By _____
Title:

\$72,500,000

WACHOVIA BANK, NATIONAL ASSOCIATION

By _____
Title:

\$48,750,000

FLEET NATIONAL BANK

By _____
Title:

\$16,250,000

BANK OF AMERICA, N.A.

By _____
Title:

\$65,000,000

BANK ONE, NA

By _____
Title:

\$65,000,000

BNP PARIBAS

By _____
Title:

By _____
Title:

\$45,000,000

FIFTH THIRD BANK

By _____
Title:

\$45,000,000

FORTIS CAPITAL CORP.

By _____
Title:

By _____
Title:

\$45,000,000

ROYAL BANK OF SCOTLAND

By -----
Title:

\$45,000,000

SUNTRUST BANK

By -----
Title:

\$45,000,000

WELLS FARGO BANK, NATIONAL ASSOCIATION

By -----
Title:

By -----
Title:

\$25,000,000

THE BANK OF NOVA SCOTIA

By -----
Title:

\$25,000,000

NATIONAL CITY BANK

By -----
Title:

\$25,000,000

WILLIAM STREET COMMITMENT CORPORATION (recourse only to assets of William Street Commitment Corporation)

By -----
Title:

\$10,000,000

HIBERNIA BANK

By -----
Title:

\$650,000,000

Total of the Tranche A Commitments

TRANCHE B COMMITMENT

\$45,000,000

UNION BANK OF CALIFORNIA, N.A.

By _____
Title:

\$30,000,000

SUMITOMO MITSUI BANKING CORP.

By _____
Title:

\$25,000,000

MIZUHO CORPORATE BANK, LTD.

By _____
Title:

\$100,000,000

Total of the Tranche B Commitments

Schedules and Exhibits omitted - considered proprietary and confidential.

Rule 13a-14(a)/15d-14(a) Certification

I, Bruce Nelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Office Depot, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2004

/s/ Bruce Nelson

Bruce Nelson
Chief Executive Officer

Rule 13a-14(a)/15d-14(a) Certification

I, Charles E. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Office Depot, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2004

/s/ Charles E. Brown

Charles E. Brown
Executive Vice President, Finance and Chief Financial Officer

Office Depot, Inc.

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Office Depot, Inc. (the "Company") for the quarterly period ended June 26, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bruce Nelson, as Chief Executive Officer of the Company, and Charles E. Brown, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bruce Nelson

Name: Bruce Nelson
Title: Chief Executive Officer
Date: July 22, 2004

/s/ Charles E. Brown

Name: Charles E. Brown
Title: Chief Financial Officer
Date: July 22, 2004

A signed original of this written statement required by Section 1350 of Title 18 of the United States Code has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 1350 of Title 18 of the United States Code and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).