
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 25, 2005

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: 0-27078

HENRY SCHEIN, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-3136595
(I.R.S. Employer Identification No.)

135 Duryea Road
Melville, New York
(Address of principal executive offices)
11747
(Zip Code)

Registrant's telephone number, including area code: (631) 843-5500

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

As of July 27, 2005, there were 87,161,160 shares of the registrant's common stock outstanding.

HENRY SCHEIN, INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 25, 2005 <u>(unaudited)</u>	December 25, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 187,108	\$ 186,621
Accounts receivable, net of reserves of \$45,198 and \$44,852	580,699	554,666
Inventories	494,323	486,494
Deferred income taxes	30,633	28,795
Prepaid expenses and other	127,101	174,167
Total current assets	<u>1,419,864</u>	<u>1,430,743</u>
Property and equipment, net	184,287	176,103
Goodwill	629,096	627,215
Other intangibles, net	131,784	129,285
Investments and other	74,857	70,324
Total assets	<u>\$2,439,888</u>	<u>\$2,433,670</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 322,256	\$ 367,213
Bank credit lines	4,302	5,969
Current maturities of long-term debt	8,356	3,906
Accrued expenses:		
Payroll and related	91,515	89,431
Taxes	56,884	70,970
Other	140,158	156,410
Total current liabilities	<u>623,471</u>	<u>693,899</u>
Long-term debt	518,954	525,682
Deferred income taxes	72,198	66,599
Other liabilities	48,514	28,999
Minority interest	14,367	12,438
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	—	—
Common stock, \$.01 par value, 240,000,000 shares authorized, 87,127,631 outstanding on June 25, 2005 and 120,000,000 shares authorized, 86,650,428 outstanding on December 25, 2004	871	867
Additional paid-in capital	464,660	445,573
Retained earnings	676,105	615,265
Accumulated other comprehensive income	21,136	44,785
Deferred compensation	(388)	(437)
Total stockholders' equity	<u>1,162,384</u>	<u>1,106,053</u>
Total liabilities and stockholders' equity	<u>\$2,439,888</u>	<u>\$2,433,670</u>

See accompanying notes.

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 25, 2005	June 26, 2004	June 25, 2005	June 26, 2004
Net sales	<u>\$1,141,620</u>	<u>\$945,690</u>	<u>\$2,243,030</u>	<u>\$1,832,321</u>
Cost of sales	<u>817,208</u>	<u>693,975</u>	<u>1,612,431</u>	<u>1,349,779</u>
Gross profit	<u>324,412</u>	<u>251,715</u>	<u>630,599</u>	<u>482,542</u>
Operating expenses:				
Selling, general and administrative	<u>253,948</u>	<u>188,130</u>	<u>502,930</u>	<u>372,657</u>
Operating income	<u>70,464</u>	<u>63,585</u>	<u>127,669</u>	<u>109,885</u>
Other income (expense):				
Interest income	<u>1,980</u>	<u>2,451</u>	<u>4,008</u>	<u>4,667</u>
Interest expense	<u>(5,227)</u>	<u>(3,114)</u>	<u>(11,598)</u>	<u>(6,116)</u>
Other, net	<u>(228)</u>	<u>180</u>	<u>(569)</u>	<u>331</u>
Income before taxes, minority interest and equity in earnings of affiliates	<u>66,989</u>	<u>63,102</u>	<u>119,510</u>	<u>108,767</u>
Taxes on income	<u>(24,787)</u>	<u>(23,412)</u>	<u>(44,219)</u>	<u>(40,444)</u>
Minority interest in net income of subsidiaries	<u>(2,476)</u>	<u>(1,254)</u>	<u>(2,527)</u>	<u>(1,779)</u>
Equity in earnings of affiliates	<u>248</u>	<u>300</u>	<u>435</u>	<u>585</u>
Net income	<u>\$ 39,974</u>	<u>\$ 38,736</u>	<u>\$ 73,199</u>	<u>\$ 67,129</u>
Earnings per share:				
Basic	<u>\$ 0.46</u>	<u>\$ 0.44</u>	<u>\$ 0.84</u>	<u>\$ 0.77</u>
Diluted	<u>\$ 0.45</u>	<u>\$ 0.43</u>	<u>\$ 0.82</u>	<u>\$ 0.74</u>
Weighted-average common shares outstanding:				
Basic	<u>86,927</u>	<u>87,829</u>	<u>86,818</u>	<u>87,699</u>
Diluted	<u>89,115</u>	<u>90,080</u>	<u>88,981</u>	<u>90,147</u>

See accompanying notes.

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended	
	June 25, 2005	June 26, 2004
Cash flows from operating activities:		
Net income	\$ 73,199	\$ 67,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,348	19,984
Provision for (recovery of) losses on trade and other accounts receivable	(50)	1,153
Deferred income taxes	4,639	3,396
Undistributed earnings of affiliates	(435)	(585)
Minority interest in net income of subsidiaries	2,527	1,779
Other	10	88
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(5,066)	(14,933)
Inventories	21,263	(21,150)
Other current assets	34,015	9,698
Accounts payable and accrued expenses	(85,835)	(7,943)
Net cash provided by operating activities	<u>72,615</u>	<u>58,616</u>
Cash flows from investing activities:		
Purchases of fixed assets	(22,033)	(13,789)
Payments for business acquisitions, net of cash acquired	(54,752)	(135,807)
Payments related to pending business acquisitions	—	(56,441)
Proceeds from sales of marketable securities	—	14,472
Net proceeds from (payments for) foreign exchange forward contract settlements	15,515	(683)
Other	(1,887)	(3,305)
Net cash used in investing activities	<u>(63,157)</u>	<u>(195,553)</u>
Cash flows from financing activities:		
Net proceeds from (payments for) bank borrowings	(1,416)	180,000
Repayments of debt assumed in business acquisitions	—	(113,779)
Principal payments for long-term debt	(2,565)	(1,710)
Payments for establishing new credit facility	(650)	—
Proceeds from issuance of stock upon exercise of stock options	19,053	17,878
Net proceeds from short-term bank borrowings	—	50,695
Payments for repurchases of common stock	(21,009)	(45,964)
Other	(559)	(506)
Net cash provided by (used in) financing activities	<u>(7,146)</u>	<u>86,614</u>
Net change in cash and cash equivalents	2,312	(50,323)
Effect of exchange rate changes on cash and cash equivalents	(1,825)	(691)
Cash and cash equivalents, beginning of period	186,621	157,351
Cash and cash equivalents, end of period	<u>\$187,108</u>	<u>\$106,337</u>

See accompanying notes.

HENRY SCHEIN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)
(unaudited)

Note 1. Basis of Presentation

Our consolidated financial statements include our accounts, as well as those of our wholly-owned and majority-owned subsidiaries. Certain prior period amounts have been reclassified to conform to the current period presentation.

Our accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnote disclosures required by U.S. GAAP for complete financial statements.

The consolidated financial statements reflect all adjustments considered necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 25, 2004.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the six months ended June 25, 2005 are not necessarily indicative of the results to be expected of any other interim period or for the year ending December 31, 2005.

Note 2. Segment Data

We conduct our business through two segments: healthcare distribution and technology. These segments offer different products and services to the same customer base. The healthcare distribution segment consists of our dental, medical (including veterinary) and international groups. Products distributed consist of consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins.

Our dental group serves office-based dental practices, schools and other institutions in the combined United States and Canadian dental market. Our medical group serves office-based physician practices, surgical centers, other alternate-care settings, veterinarian clinics and other institutions throughout the United States. Our international group serves practices in 17 countries outside of North America and is what we believe to be a leading Pan-European healthcare supplier serving office-based dental, medical and veterinary practices.

Our technology group provides software, technology and other value-added services to healthcare providers, primarily in the United States and Canada. Our value-added practice solutions include practice-management software systems for dental and medical practices and veterinary clinics. Our technology group offerings also include financial services and continuing education services for practitioners.

HENRY SCHEIN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except share and per share data)
(unaudited)

Note 2. Segment Data (Continued)

The following tables present information about our business segments:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 25, 2005</u>	<u>June 26, 2004</u>	<u>June 25, 2005</u>	<u>June 26, 2004</u>
Net Sales:				
Healthcare distribution (1):				
Dental (2)	\$ 462,147	\$388,879	\$ 898,669	\$ 746,919
Medical (3)	342,270	352,421	694,053	692,017
International (4)	314,680	183,828	606,778	353,384
Total healthcare distribution	1,119,097	925,128	2,199,500	1,792,320
Technology (5)	22,523	20,562	43,530	40,001
Total	<u>\$1,141,620</u>	<u>\$945,690</u>	<u>\$2,243,030</u>	<u>\$1,832,321</u>

- (1) Consists of consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, surgical products, diagnostic tests, vaccines, infection-control products and vitamins.
- (2) Consists of products sold in the United States and Canada.
- (3) Consists of products sold in the United States medical and veterinary markets.
- (4) Consists of products sold in the dental, medical and veterinary markets, primarily in Europe.
- (5) Consists of practice-management software and other value-added products and services, which are sold primarily to healthcare providers in the United States and Canada.

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 25, 2005</u>	<u>June 26, 2004</u>	<u>June 25, 2005</u>	<u>June 26, 2004</u>
Operating Income:				
Healthcare distribution	\$61,638	\$55,384	\$110,488	\$ 94,928
Technology	8,826	8,201	17,181	14,957
Total	<u>\$70,464</u>	<u>\$63,585</u>	<u>\$127,669</u>	<u>\$109,885</u>

HENRY SCHEIN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except share and per share data)
(unaudited)

Note 3. Stock-Based Compensation

We account for stock option awards under the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Under this method, no compensation expense is recorded, provided the exercise price is equal to or greater than the quoted market price of the stock at the grant date.

We make pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting (the alternative method of accounting for stock-based compensation) had been applied as required by Financial Accounting Standard ("FAS") No. 123, "Accounting for Stock-Based Compensation." The fair value-based method requires us to make assumptions to determine expected risk-free interest rates, stock price volatility, dividend yield and weighted-average option life.

Under the accounting provisions of FAS 123, our net income and earnings per share would have been adjusted to the pro forma amounts indicated in the table below. The prior period pro forma amounts have been adjusted as a result of revising our calculation of the fair value of stock-based compensation. These adjustments were not material to pro forma net income or earnings per share. The following assumptions were used in determining the fair values: weighted-average risk-free interest rates of 4.0% (2005) and 3.0% (2004), stock price volatility of 30.0%, dividend yield of 0.0% and weighted-average expected option life of five years for all periods presented:

	Three Months Ended		Six Months Ended	
	June 25, 2005	June 26, 2004	June 25, 2005	June 26, 2004
Net income as reported	\$39,974	\$38,736	\$73,199	\$67,129
Deduct: Tax affected stock-based compensation expense determined under fair value method	(3,017)	(2,990)	(5,368)	(5,441)
Pro forma net income	<u>\$36,957</u>	<u>\$35,746</u>	<u>\$67,831</u>	<u>\$61,688</u>
Earnings per share, as reported:				
Basic	\$ 0.46	\$ 0.44	\$ 0.84	\$ 0.77
Diluted	<u>\$ 0.45</u>	<u>\$ 0.43</u>	<u>\$ 0.82</u>	<u>\$ 0.74</u>
Earnings per share, pro forma:				
Basic	<u>\$ 0.43</u>	<u>\$ 0.41</u>	<u>\$ 0.78</u>	<u>\$ 0.70</u>
Diluted	<u>\$ 0.42</u>	<u>\$ 0.40</u>	<u>\$ 0.76</u>	<u>\$ 0.68</u>

Beginning in the first quarter of 2006, in connection with our adoption of FAS 123(R) "Share-Based Payment," stock-based compensation will be included in our results of operations. The method and assumptions used to determine the fair value of stock-based compensation under FAS 123(R) will be similar to those used under FAS 123. Additionally, we expect the effect of adopting FAS 123(R) on our results of operations to approximate the effect presented in the pro forma disclosure above.

HENRY SCHEIN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except share and per share data)
(unaudited)

Note 4. Acquisitions

On January 11, 2005, we acquired the dental distribution business of Ash Temple Limited (“Ash Temple”), a privately held full-service dental distributor based in Ontario, Canada with annual revenues of approximately \$100 million. The operating results of Ash Temple are reflected in the accompanying financial statements since the date of acquisition.

Ash Temple offers dental supplies, equipment, artificial teeth and repair parts, as well as services including office design and planning, equipment lease financing and limited consulting. Ash Temple was one of the largest diversified dental companies in Canada with 14 branches including five distribution centers servicing all 10 Canadian provinces and three territories. Ash Temple operations have been combined with Henry Schein Arcona, our Canadian dental business. They are currently operating under the new name Henry Schein Ash Arcona.

On April 18, 2005, regulatory authorities approved our pending acquisition of our Demedis Group’s business in Austria, which operates under the Austrodent brand. This approval was contingent upon our divesting, at closing, a portion of Austrodent’s business, not using the Austrodent name as well as other restrictions. Of the total purchase price for the Demedis Group, \$13.5 million (or EUR 11.0 million) was attributable to Austrodent, which was paid in 2004 and recorded as an other current asset. Upon acquiring Austrodent, this amount, less approximately \$2.1 million received in exchange for the divested portion of the business, was reclassified based on the fair value of the remaining assets and liabilities acquired through a purchase price allocation, with an increase of \$6.3 million to goodwill for the excess purchase price over fair value.

In addition to the Ash Temple and Austrodent acquisitions, we completed other acquisitions in Australia, New Zealand and the United States which resulted in our recording approximately \$6.6 million of goodwill through preliminary purchase price allocations during the six months ended June 25, 2005. These acquisitions were immaterial individually and in the aggregate.

We recorded the assets and liabilities acquired for all our acquisitions using our best estimates of fair value through preliminary purchase price allocations. Such amounts are subject to change upon finalizing valuations.

Note 5. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed similarly to basic, except it reflects the effect of common shares issuable upon exercise of stock options using the treasury stock method in periods in which they have a dilutive effect.

The dilutive effect of our convertible debt will be reflected in diluted earnings per share by application of the “if converted” method. For the quarter and six months ended June 25, 2005, diluted earnings per share does not include the effect of common shares issuable upon conversion of our convertible debt because the principal is required to be settled in cash. If at any time, the debt is convertible at a premium as a result of the conditions of the debt, the amount in excess of the principal would be presumed settled in common shares and thereby reflected in our calculation of diluted earnings per share by application of the “if converted” method.

HENRY SCHEIN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except share and per share data)
(unaudited)

Note 5. Earnings Per Share (Continued)

A reconciliation of shares used in calculating earnings per basic and diluted share follows:

	Three Months Ended		Six Months Ended	
	June 25, 2005	June 26, 2004	June 25, 2005	June 26, 2004
Basic	86,926,514	87,828,958	86,818,449	87,699,400
Effect of assumed conversion of employee stock options	<u>2,188,401</u>	<u>2,250,810</u>	<u>2,162,724</u>	<u>2,447,274</u>
Diluted	<u>89,114,915</u>	<u>90,079,768</u>	<u>88,981,173</u>	<u>90,146,674</u>

Weighted-average options to purchase 1,567,021 shares of common stock at exercise prices ranging from \$39.43 to \$40.45 per share and 2,095,300 shares of common stock at an exercise price of \$35.49 per share that were outstanding during the three months ended June 25, 2005 and June 26, 2004, were excluded from the computation of diluted earnings per share. Weighted-average options to purchase 948,023 shares of common stock at exercise prices ranging from \$37.45 to \$40.45 per share and 1,496,644 shares of common stock at an exercise price of \$35.49 per share that were outstanding during the six months ended June 25, 2005 and June 26, 2004, were excluded from the computation of diluted earnings per share. In each of these periods, such options' exercise prices exceeded the average market price of our common stock, thereby causing the effect of such options to be anti-dilutive.

Note 6. Comprehensive Income

Comprehensive income includes certain gains and losses that, under U.S. GAAP, are excluded from net income, as these amounts are recorded directly as an adjustment to stockholders' equity. Our comprehensive income primarily includes net income, foreign currency translation adjustments and unrealized gains and losses on hedging activities. Comprehensive income totaled \$26.5 million and \$49.6 million for the three and six months ended June 25, 2005, and \$39.0 million and \$62.3 million for the three and six months ended June 26, 2004.

Note 7. Supplemental Cash Flow Information

Cash paid for interest and income taxes was:

	Six Months Ended	
	June 25, 2005	June 26, 2004
Interest	\$11,567	\$ 6,148
Income taxes	12,540	14,078

During the six months ended June 25, 2005 and June 26, 2004, we had a \$20.7 million non-cash net unrealized gain and a \$2.1 million non-cash net unrealized loss related to hedging activities. For the same periods in 2005 and 2004, we also had a \$1.0 million and a \$6.0 million non-cash unrealized loss related to our interest rate swaps. Additionally, in connection with our acquisition of Austrodent, as previously discussed, during the six months ended June 25, 2005, we reclassified

HENRY SCHEIN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except share and per share data)
(unaudited)

Note 7. Supplemental Cash Flow Information (Continued)

approximately \$11.4 million (\$13.5 million paid in 2004, less \$2.1 million received in 2005 upon closing the acquisition) from other current assets to the respective assets and liabilities acquired.

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

Cautionary Note Regarding Forward-Looking Statements

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate" or other comparable terms.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: competitive factors; changes in the healthcare industry; changes in government regulations that affect us; financial risks associated with our international operations; fluctuations in quarterly earnings; transitional challenges associated with acquisitions; regulatory and litigation risks; the dependence on our continued product development, technical support and successful marketing in the technology segment; our dependence upon sales personnel and key customers; our dependence on our senior management; our dependence on third parties for the manufacture and supply of our products; possible increases in the cost of shipping our products or other service trouble with our third-party shippers; risks from rapid technological change; and risks from potential increases in variable interest rates. The order in which these factors appear should not be construed to indicate their relative importance or priority.

We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements.

Recent Developments

On June 15, 2005, Chiron Corporation revised its production estimates for Fluvirin® influenza virus vaccine for the 2005-2006 influenza season, and now estimates it will produce between 18 million and 26 million doses. However, at this time there is continued uncertainty about the number of doses of influenza vaccine that Chiron will produce, how many will be available in the United States and the amount we will receive, if any, for 2005. We are a primary distributor of Fluvirin to the U.S. market and Chiron is currently our primary supplier of the influenza vaccine.

On May 24, 2005, we entered into a new \$300.0 million credit facility with a \$100.0 million expansion feature. This new facility, which expires in May 2010, replaces our previous revolving credit facility of \$200.0 million, which had been scheduled to expire in May 2006.

Effective May 25, 2005, we increased our authorized common shares from 120,000,000 to 240,000,000 in connection with our two-for-one stock split that became effective on February 28, 2005.

Executive-Level Overview

We are the largest distributor of healthcare products and services primarily to office-based healthcare practitioners in the combined North American and European markets. We serve more than 475,000 customers worldwide, including dental practices and laboratories, physician practices and veterinary clinics, as well as government and other institutions. We believe that we have a strong brand identity due to our more than 73 years of experience distributing healthcare products.

We are headquartered in Melville, New York, employ nearly 11,000 people and have operations in the United States, Canada, the United Kingdom, the Netherlands, Belgium, Germany, France, Austria, Portugal, Spain, the Czech Republic, Luxembourg, Italy, Ireland, Switzerland, Australia and New Zealand. We also have affiliates in Iceland and Israel.

We have established strategically located distribution centers to enable us to better serve our customers and increase our operating efficiency. This infrastructure, together with broad product and service offerings at competitive prices, and a strong commitment to customer service, enables us to be a single source of supply for our customers' needs. Our infrastructure also allows us to provide convenient ordering and rapid, accurate and complete order fulfillment.

We conduct our business through two segments: healthcare distribution and technology. These segments offer different products and services to the same customer base. The healthcare distribution segment consists of our dental, medical (including veterinary) and international groups. Products distributed consist of consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins.

Our dental group serves office-based dental practices, schools and other institutions in the combined United States and Canadian dental market. Our medical group serves office-based physician practices, surgical centers, other alternate-care settings, veterinarian clinics and other institutions throughout the United States. Our international group serves practices in 17 countries outside of North America and is what we believe to be a leading Pan-European healthcare supplier serving office-based dental, medical and veterinary practices.

Our technology group provides software, technology and other value-added services to healthcare providers, primarily in the United States and Canada. Our value-added practice solutions include practice-management software systems for dental and medical practices and veterinary clinics. Our technology group offerings also include financial services and continuing education services for practitioners.

Industry Overview

In recent years, the healthcare industry has increasingly focused on cost containment. This trend has benefited distributors capable of providing a broad array of products and services at low prices. It also has accelerated the growth of HMOs, group practices, other managed care accounts and collective buying groups, which, in addition to their emphasis on obtaining products at competitive prices, tend to favor distributors capable of providing specialized management information support. We believe that the trend towards cost containment has the potential to favorably affect demand for practice-management systems and software that can enhance the efficiency and facilitation of practice-management.

Our operating results in recent years have been significantly affected by strategies and transactions we undertook to expand our business, domestically and internationally, in part to address significant changes in the healthcare industry, including consolidation of healthcare distribution companies, potential healthcare reform, trends toward managed care, cuts in Medicare and collective purchasing arrangements.

Industry Consolidation

The healthcare products distribution industry, as it relates to office-based healthcare practitioners, is highly fragmented and diverse. This industry, which encompasses the dental, medical and veterinary markets, was estimated to produce revenues of approximately \$19.5 billion in 2004 in the combined North American and European markets. The industry ranges from sole practitioners working out of relatively small offices to group practices or service organizations ranging in size from a few practitioners to a large number of practitioners who have combined or otherwise associated their practices.

Due in part to the inability of office-based healthcare practitioners to store and manage large quantities of supplies in their offices, the distribution of healthcare supplies and small equipment to office-based healthcare practitioners has been characterized by frequent, small-quantity orders, and a need for rapid, reliable and substantially complete order fulfillment. The purchasing decisions within an office-based healthcare practice are typically made by the practitioner or an administrative assistant, and supplies and small equipment are generally purchased from more than one distributor, with one generally serving as the primary supplier.

We believe that consolidation within the industry will continue to result in a number of distributors, particularly those with limited financial and marketing resources, seeking to combine with larger companies that can provide growth opportunities. This consolidation also may continue to result in distributors seeking to acquire companies that can enhance their current product and service offerings or provide opportunities to serve a broader customer base.

Our trend with regard to acquisitions has been to expand our role as a provider of products and services to the healthcare industry. This trend has resulted in expansion into service areas that complement our existing operations and provide opportunities for us to develop synergies with, and thus strengthen, the acquired businesses.

As industry consolidation continues, we believe that we are positioned to capitalize on this trend, as we believe we have the ability to support increased sales through our existing infrastructure. In the U.S. dental market, we estimate that there are currently more than 300 smaller distributors holding approximately 30% of the market. In the U.S. medical market, we estimate that more than 500 smaller distributors hold approximately 50% of the market, and in the European dental market, we estimate that more than 200 competitors hold approximately 80% of the market.

As the healthcare industry continues to change, we continually evaluate possible candidates for merger or acquisition and intend to continue to seek opportunities to expand our role as a provider of products and services to the healthcare industry. There can be no assurance that we will be able to successfully pursue any such opportunity or consummate any such transaction, if pursued. If additional transactions are entered into or consummated, we would incur additional merger and acquisition-related costs, and there can be no assurance that the integration efforts associated with any such transaction would be successful.

Aging Population and Other Market Influences

The healthcare products distribution industry continues to experience growth due to the aging population, increased healthcare awareness, the proliferation of medical technology and testing, new pharmacology treatments and expanded third-party insurance coverage. In addition, the physician market continues to benefit from the shift of procedures and diagnostic testing in hospitals to the alternate-care site, particularly physicians' offices. As the cosmetic surgery and elective procedure markets continue to grow, physicians are increasingly performing more of these procedures in their offices. The elder-care market continues to benefit from the increasing growth rate of the population of elderly Americans.

The January 2000 U.S. Bureau of the Census estimates that the elderly population in the United States will more than double by the year 2040. In 2000, four million Americans were aged 85 or older, the segment

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of the population most in need of long-term care and elder-care services. By the year 2040, that number is projected to more than triple to more than 14 million. The population aged 65 to 84 years is projected to more than double in the same time period.

As a result of these market dynamics, the annual expenditures for healthcare services continue to increase in the United States. The Centers for Medicaid and Medicare Services (CMS), Office of the Actuary published “Health Spending Projections Through 2013” in 2004, indicating that total national healthcare spending reached \$1.6 trillion in 2002, or 14.9% of the nation’s gross domestic product. Healthcare spending is projected to reach \$3.4 trillion in 2013, an estimated 18.4% of the gross domestic product, the benchmark measure for annual production of goods and services in the United States.

Governmental Influences

The healthcare industry is subject to extensive government regulation, licensure and operating compliance procedures. National healthcare reform has been the subject of a number of legislative initiatives by Congress. Additionally, government and private insurance programs fund a large portion of the total cost of medical care. The Balanced Budget Act passed by Congress in 1997 significantly reduced reimbursement rates for nursing homes and home healthcare providers, affecting spending levels and the overall financial viability of these institutions.

The Medicare Prescription Drug, Improvement, and Modernization Act (the “Medicare Act”) is the largest expansion of the Medicare program since its inception, and provides participants with voluntary prescription drug benefits through an interim drug discount card. The Medicare Act also includes provisions relating to medication management programs, generic substitution and provider reimbursement. Based upon current information, we believe the Medicare Act may create additional volume demand and provide incentives for additional use of generic drugs, both of which have potentially positive implications for our pharmaceutical distribution business.

Product Integrity

Certain pharmaceutical and medical-surgical product manufacturers are in discussions with legislators about the risks of counterfeit products in the supply chain and manufacturers’ concerns about the impact of secondary market distribution on counterfeiting. As a distributor of such products, we continue to work with our suppliers to help minimize the risks associated with counterfeit products in the supply chain and potential litigation.

[Table of Contents](#)**Results of Operations**

The following table summarizes the significant components of our operating results and cash flows for the three and six months ended June 25, 2005 and June 26, 2004 (in thousands):

	Three Months Ended		Six Months Ended	
	June 25, 2005	June 26, 2004	June 25, 2005	June 26, 2004
Operating Results:				
Net sales	\$1,141,620	\$945,690	\$2,243,030	\$1,832,321
Cost of sales	817,208	693,975	1,612,431	1,349,779
Gross profit	324,412	251,715	630,599	482,542
Operating expenses:				
Selling, general and administrative	253,948	188,130	502,930	372,657
Operating income	\$ 70,464	\$ 63,585	\$ 127,669	\$ 109,885
Other expense, net	\$ (3,475)	\$ (483)	\$ (8,159)	\$ (1,118)
Net income	39,974	38,736	73,199	67,129
Cash Flows:				
Net cash provided by operating activities (1)			\$ 72,615	\$ 58,616
Net cash used in investing activities (1)			(63,157)	(195,553)
Net cash provided by (used in) financing activities			(7,146)	86,614

(1) Prior period amounts have been reclassified to conform with the current period presentation.

Three Months Ended June 25, 2005 Compared to Three Months Ended June 26, 2004**Net Sales**

Net sales for the three months ended June 25, 2005 and June 26, 2004 were as follows (in thousands):

	June 25, 2005	% of Total	June 26, 2004	% of Total
Healthcare distribution (1):				
Dental (2)	\$ 462,147	40.4%	\$388,879	41.1%
Medical (3)	342,270	30.0%	352,421	37.3%
International (4)	314,680	27.6%	183,828	19.4%
Total healthcare distribution	1,119,097	98.0%	925,128	97.8%
Technology (5)	22,523	2.0%	20,562	2.2%
Total	\$1,141,620	100.0%	\$945,690	100.0%

- (1) Consists of consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins.
- (2) Consists of products sold in the United States and Canada.
- (3) Consists of products sold in the United States medical and veterinary markets.
- (4) Consists of products sold in the dental, medical and veterinary markets, primarily in Europe.
- (5) Consists of practice-management software and other value-added products and services, which are sold primarily to healthcare providers in the United States and Canada.

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The \$195.9 million, or 20.7%, increase in net sales for the three months ended June 25, 2005, includes increases of 19.1% local currency growth (3.4% internally generated primarily due to volume growth and 15.7% from acquisitions) and 1.6% related to foreign currency exchange.

The \$73.3 million, or 18.8%, increase in dental net sales for the three months ended June 25, 2005, includes increases of 18.2% local currency growth (10.1% internally generated and 8.1% from acquisitions) and 0.6% related to foreign currency exchange. The 18.2% local currency growth was due to dental consumable merchandise sales growth of 15.5% (8.1% internal growth and 7.4% acquisition growth) and dental equipment sales and service growth of 28.9% (17.6% internal growth and 11.3% acquisition growth). All internally generated dental net sales growth was primarily due to increased volume.

The \$10.2 million, or 2.9%, decrease in medical net sales for the three months ended June 25, 2005, includes a decrease of 3.9% internally, offset by acquisition growth of 1.0%, reflecting the continued impact of shedding a number of lower margin and nominally profitable pharmaceutical and veterinary products.

The \$130.8 million, or 71.2%, increase in international net sales for the three months ended June 25, 2005, includes increases of 64.0% in local currencies (61.6% from acquisitions, primarily from the Demedis Group in Europe, and 2.4% internally generated) and 7.2% due to foreign currency exchange.

The \$2.0 million, or 9.5%, increase in technology net sales for the three months ended June 25, 2005, includes increases of 9.2% in local currency growth and 0.3% due to foreign currency exchange. The increase was primarily due to continued volume growth.

Gross Profit

Gross profit and gross margins by segment and in total for the three months ended June 25, 2005 and June 26, 2004 were as follows (in thousands):

	<u>June 25, 2005</u>	<u>Gross Margin %</u>	<u>June 26, 2004</u>	<u>Gross Margin %</u>
Healthcare distribution	\$307,317	27.5%	\$235,955	25.5%
Technology	17,095	75.9%	15,760	76.6%
Total	<u>\$324,412</u>	28.4%	<u>\$251,715</u>	26.6%

For the three months ended June 25, 2005, gross profit increased \$72.7 million, or 28.9%, from the comparable prior year period. As a result of different practices of categorizing costs associated with distribution networks throughout our industry, our gross margins may not necessarily be comparable to other distribution companies. Additionally, we realize substantially higher gross margin percentages in our technology segment than in our healthcare distribution segment. These higher gross margins result from being both the developer and seller of software products combined with the nature of the software industry, in which developers realize higher gross margins to recover investments in research and development.

Healthcare distribution gross profit increased \$71.4 million, or 30.2%, for the three months ended June 25, 2005 from the comparable prior year period. Healthcare distribution gross profit margin increased to 27.5% for the three months ended June 25, 2005 from 25.5% for the comparable prior year period. These increases reflect the impact of our Demedis and Camlog acquisitions in our international business and a focus on margin management, including the shedding of certain lower margin pharmaceutical and veterinary products from our medical business.

Technology gross profit increased \$1.3 million, or 8.5%, for the three months ended June 25, 2005 from the comparable prior year period. Technology gross profit margin decreased to 75.9% for the three months

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ended June 25, 2005 from 76.6% for the comparable prior year period, primarily due to increased sales of lower margin high tech products.

Selling, General and Administrative

Selling, general and administrative expenses by segment and in total for the three months ended June 25, 2005 and June 26, 2004 were as follows (in thousands):

	June 25, 2005	% of Respective Net Sales	June 26, 2004	% of Respective Net Sales
Healthcare distribution	\$245,679	22.0%	\$180,572	19.5%
Technology	8,269	36.7%	7,558	36.8%
Total	<u>\$253,948</u>	22.2%	<u>\$188,130</u>	19.9%

Selling, general and administrative expenses increased \$65.8 million, or 35.0%, to \$254.0 million for the three months ended June 25, 2005 from the comparable prior year period. As a percentage of sales, selling, general and administrative expenses increased to 22.2% from 19.9% for the comparable prior year period. The increase of 2.3% was primarily due to payroll and expenses related to recent acquisitions.

As a component of selling, general and administrative expenses, selling expenses increased \$40.3 million, or 33.6%, to \$160.1 million for the three months ended June 25, 2005 from the comparable prior year period. As a percentage of net sales, selling expenses increased to 14.0% from 12.7% for the comparable prior year period. The increase was primarily due to payroll and expenses related to recent acquisitions.

As a component of selling, general and administrative expenses, general and administrative expenses increased \$25.5 million, or 37.4%, to \$93.9 million for the three months ended June 25, 2005 from the comparable prior year period. As a percentage of net sales, general and administrative expenses increased to 8.2% from 7.2% for the comparable prior year period. The increase was primarily due to payroll and expenses related to recent acquisitions.

Other Expense, Net

Other expense, net for the three months ended June 25, 2005 and June 26, 2004 was as follows (in thousands):

	June 25, 2005	June 26, 2004
Interest income	\$ 1,980	\$ 2,451
Interest expense	(5,227)	(3,114)
Other, net	<u>(228)</u>	<u>180</u>
Other expense, net	<u>\$(3,475)</u>	<u>\$ (483)</u>

Other expense, net increased \$3.0 million for the three months ended June 25, 2005 from the comparable prior year period. This increase was primarily due to the \$2.1 million increase in interest expense, of which \$2.0 million related to our convertible debt issued to finance various corporate initiatives, including our acquisition of the Demedis Group.

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Income Taxes

For the three months ended June 25, 2005, our effective tax rate decreased to 37.0% from 37.1% for the comparable prior year period. The difference between our effective tax rates and the federal statutory rates for both periods related primarily to foreign and state income taxes.

Six Months Ended June 25, 2005 Compared to Six Months Ended June 26, 2004

Net Sales

Net sales for the six months ended June 25, 2005 and June 26, 2004 were as follows (in thousands):

	<u>June 25, 2005</u>	<u>% of Total</u>	<u>June 26, 2004</u>	<u>% of Total</u>
Healthcare distribution (1):				
Dental (2)	\$ 898,669	40.1%	\$ 746,919	40.7%
Medical (3)	694,053	30.9%	692,017	37.8%
International (4)	606,778	27.1%	353,384	19.3%
Total healthcare distribution	<u>2,199,500</u>	<u>98.1%</u>	<u>1,792,320</u>	<u>97.8%</u>
Technology (5)	43,530	1.9%	40,001	2.2%
Total	<u>\$2,243,030</u>	<u>100.0%</u>	<u>\$1,832,321</u>	<u>100.0%</u>

(1) Consists of consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins.

(2) Consists of products sold in the United States and Canada.

(3) Consists of products sold in the United States medical and veterinary markets.

(4) Consists of products sold in the dental, medical and veterinary markets, primarily in Europe.

(5) Consists of practice-management software and other value-added products and services, which are sold primarily to healthcare providers in the United States and Canada.

The \$410.7 million, or 22.4%, increase in net sales for the six months ended June 25, 2005, includes increases of 20.5% local currency growth (5.3% internally generated primarily due to volume growth and 15.2% from acquisitions) and 1.9% related to foreign currency exchange.

The \$151.8 million, or 20.3%, increase in dental net sales for the six months ended June 25, 2005, includes increases of 19.6% local currency growth (11.9% internally generated and 7.7% from acquisitions) and 0.7% related to foreign currency exchange. The 19.6% local currency growth was due to dental consumable merchandise sales growth of 17.1% (10.3% internal growth and 6.8% acquisition growth) and dental equipment sales and service growth of 29.6% (18.5% internal growth and 11.1% acquisition growth). All internally generated dental net sales growth was primarily due to increased volume.

The \$2.0 million, or 0.3%, increase in medical net sales for the six months ended June 25, 2005, includes increases of 0.3% local currency growth (0.5% from acquisitions, partially offset by an internal decrease of 0.2% primarily due to the shedding of certain lower margin pharmaceutical and veterinary products).

The \$253.4 million, or 71.7%, increase in international net sales for the six months ended June 25, 2005, includes increases of 63.5% in local currencies (61.6% from acquisitions, primarily from the Demedis Group, and 1.9% internally generated) and 8.2% due to foreign currency exchange.

The \$3.5 million, or 8.8%, increase in technology net sales for the six months ended June 25, 2005,

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includes increases of 8.5% internal growth and 0.3% due to foreign currency exchange. The increase was primarily due to continued volume growth.

Gross Profit

Gross profit and gross margins by segment and in total for the six months ended June 25, 2005 and June 26, 2004 were as follows (in thousands):

	<u>June 25, 2005</u>	<u>Gross Margin %</u>	<u>June 26, 2004</u>	<u>Gross Margin %</u>
Healthcare distribution	\$597,377	27.2%	\$452,379	25.2%
Technology	33,222	76.3%	30,163	75.4%
Total	<u>\$630,599</u>	28.1%	<u>\$482,542</u>	26.3%

For the six months ended June 25, 2005, gross profit increased \$148.1 million, or 30.7%, from the comparable prior year period.

Healthcare distribution gross profit increased \$145.0 million, or 32.1%, for the six months ended June 25, 2005 from the comparable prior year period. Healthcare distribution gross profit margin increased to 27.2% for the six months ended June 25, 2005 from 25.2% for the comparable prior year period. These increases reflect the impact of our Demedis and Camlog acquisitions in our international business and a focus on margin management including the shedding of certain lower margin pharmaceutical and veterinary products from our medical business.

Technology gross profit increased \$3.1 million, or 10.1%, for the six months ended June 25, 2005 from the comparable prior year period. Technology gross profit margin increased to 76.3% for the six months ended June 25, 2005 from 75.4% for the comparable prior year period, primarily due to a change in sales mix reflecting a larger percentage of higher margin electronic services and software sales.

Selling, General and Administrative

Selling, general and administrative expenses by segment and in total for the six months ended June 25, 2005 and June 26, 2004 were as follows (in thousands):

	<u>June 25, 2005</u>	<u>% of Respective Net Sales</u>	<u>June 26, 2004</u>	<u>% of Respective Net Sales</u>
Healthcare distribution	\$486,889	22.1%	\$357,452	19.9%
Technology	16,041	36.9%	15,205	38.0%
Total	<u>\$502,930</u>	22.4%	<u>\$372,657</u>	20.3%

Selling, general and administrative expenses increased \$130.3 million, or 35.0%, to \$502.9 million for the six months ended June 25, 2005 from the comparable prior year period. As a percentage of sales, selling, general and administrative expenses increased to 22.4% from 20.3% for the comparable prior year period. The increase was primarily due to payroll and expenses related to recent acquisitions.

As a component of selling, general and administrative expenses, selling expenses increased \$75.0 million, or 31.6%, to \$312.0 million for the six months ended June 25, 2005 from the comparable prior year period. As a percentage of net sales, selling expenses increased to 13.9% from 12.9% for the comparable prior year period. The increase was primarily due to payroll and expenses related to recent acquisitions.

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As a component of selling, general and administrative expenses, general and administrative expenses increased \$55.3 million, or 40.8%, to \$190.9 million for the six months ended June 25, 2005 from the comparable prior year period. As a percentage of net sales, general and administrative expenses increased to 8.5% from 7.4% for the comparable prior year period. The increase was primarily due to payroll and expenses related to recent acquisitions.

Other Expense, Net

Other expense, net for the six months ended June 25, 2005 and June 26, 2004 was as follows (in thousands):

	<u>June 25, 2005</u>	<u>June 26, 2004</u>
Interest income	\$ 4,008	\$ 4,667
Interest expense	(11,598)	(6,116)
Other, net	<u>(569)</u>	<u>331</u>
Other expense, net	<u>\$ (8,159)</u>	<u>\$(1,118)</u>

Other expense, net increased \$7.0 million for the six months ended June 25, 2005 from the comparable prior year period. This increase was primarily due to the \$5.5 million increase in interest expense, of which \$4.1 million related to our convertible debt issued to finance various corporate initiatives, including our acquisition of the Demedis Group.

Income Taxes

For the six months ended June 25, 2005, our effective tax rate decreased to 37.0% from 37.2% for the comparable prior year period. The difference between our effective tax rates and the federal statutory rates for both periods related primarily to foreign and state income taxes.

Liquidity and Capital Resources

Our principal capital requirements include the funding of acquisitions, working capital needs, capital expenditures and repurchases of common stock. Working capital requirements generally result from increased sales, special inventory forward buy-in opportunities, and payment terms for receivables and payables. Because sales tend to be stronger during the third and fourth quarters and special inventory forward buy-in opportunities are most prevalent just before the end of the year, our working capital requirements have generally been higher from the end of the third quarter to the end of the first quarter of the following year.

We finance our business primarily through cash generated from our operations, revolving credit facilities, private placement debt and stock issuances. Our ability to generate sufficient cash flows from operations is dependent on the continued demand of our customers for, and supply by our vendors of, our products and services. Given current operating, economic and industry conditions, we believe that demand for our products and services will remain consistent in the foreseeable future.

Net cash flow provided by operating activities was \$72.6 million for the six months ended June 25, 2005, compared to \$58.6 million for the comparable prior year period. This net change of \$14.0 million was due primarily to an \$8.4 million increase in depreciation and amortization and a \$6.1 million increase in net income, partially offset by \$1.3 million increase in working capital needs from the prior year period.

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Net cash used in investing activities was \$63.2 million for the six months ended June 25, 2005, compared to \$195.6 million for the comparable prior year period. The net change of \$132.4 million was primarily due to \$137.5 million less paid for business acquisitions. We expect to invest up to approximately \$25.0 million during the remainder of the fiscal year in capital projects to modernize and expand our facilities and computer systems infrastructure and to integrate subsidiary operations into our core infrastructure.

Net cash used in financing activities was \$7.1 million for the six months ended June 25, 2005, compared to \$86.6 million provided by financing activities for the comparable prior year period. The net change of \$93.7 million was primarily due to \$230.7 million of lower proceeds from bank borrowings, offset by the absence of \$113.8 million of acquired debt repayments and \$25.0 million less of repurchases of common stock.

The following table summarizes selected measures of liquidity and capital resources (in thousands):

	June 25, 2005	December 25, 2004
Cash and cash equivalents	\$187,108	\$186,621
Working capital	796,393	736,844
Debt:		
Bank credit lines	\$ 4,302	\$ 5,969
Current maturities of long-term debt	8,356	3,906
Long-term debt	518,954	525,682
Total debt	<u>\$531,612</u>	<u>\$535,557</u>

Our cash and cash equivalents consist of bank balances and investments in money market funds representing overnight investments with a high degree of liquidity.

Our business requires a substantial investment in working capital, which is susceptible to large variations during the year as a result of inventory purchase patterns and seasonal demands. Inventory purchase activity is a function of sales activity, special inventory forward buy-in opportunities and our desired level of inventory.

Our accounts receivable days sales outstanding improved to 45.7 days for the six months ended June 25, 2005 from 48.4 days for the comparable prior year period. Our inventory turnover for the six months ended June 25, 2005 improved to 6.6 turns compared with 6.5 turns for the comparable prior year period. We anticipate future increases in our working capital requirements as a result of continued sales growth.

On August 9, 2004, we completed an issuance of \$240.0 million of convertible debt. These notes are senior unsecured obligations bearing a fixed annual interest rate of 3.0% and are due to mature on August 15, 2034. Interest on the notes is payable on February 15 and August 15 of each year, which commenced on February 15, 2005. The notes are convertible into our common stock at a conversion ratio of 21.58 shares per one thousand dollars of principal amount of notes, which is the equivalent conversion price of \$46.34 per share, under the following circumstances:

- if the last price of our common stock is above 130% of the conversion price measured over a specified number of trading days;
- during the five business-day period following any 10 consecutive trading-day period in which the average of the trading prices for the notes for that 10 trading-day period was less than 98% of the average conversion value for the notes during that period;
- if the notes have been called for redemption; or

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- upon the occurrence of a fundamental change or specified corporate transactions, as defined in the note agreement.

Upon conversion, we are required to satisfy our conversion obligation with respect to the principal amount of the notes to be converted, in cash, with any remaining amount to be satisfied in shares of our common stock. We currently have sufficient availability of funds through our \$300.0 million revolving credit facility along with cash on hand to fully satisfy the cash portion of our conversion obligation. We will also pay contingent interest during any six-month interest period beginning August 20, 2010 if the average trading price of the notes is above specified levels. We may redeem some or all of the notes on or after August 20, 2010. The note holders may require us to purchase all or a portion of the notes on August 15, 2010, 2014, 2019, 2024 and 2029 or, subject to specified exceptions, upon a change of control event.

In prior years, we completed private placement transactions under which we issued \$130.0 million and \$100.0 million in senior notes. The \$130.0 million notes come due on June 30, 2009 and bear interest at a fixed rate of 6.94% per annum. Beginning September 25, 2006, principal payments totaling \$20.0 million are due annually on the \$100.0 million notes and bear interest at a fixed rate of 6.66% per annum. Interest on both notes is payable semi-annually.

During the fourth quarter of 2003, we entered into agreements relating to the \$230.0 million senior notes to exchange our fixed interest rates for variable interest rates. For the six months ended June 25, 2005, the weighted-average variable interest rate was 5.8%. This weighted-average variable interest rate comprises LIBOR, plus a spread and resets on the interest due dates for the senior notes.

On May 24, 2005, we entered into a new \$300.0 million credit facility with a \$100.0 million expansion feature. This new facility, which expires in May 2010, replaces our previous revolving credit facility of \$200.0 million, which had been scheduled to expire in May 2006. As of June 25, 2005, there were \$8.2 million of letters of credit provided to third parties and no borrowings outstanding under this revolving credit facility.

On June 21, 2004, we announced that our Board of Directors had authorized a second common stock repurchase program. The new program allows us to repurchase up to \$100.0 million in shares of our common stock, which represented approximately 3.5% of shares outstanding on the announcement date. As of June 25, 2005, we had repurchased \$57.3 million or 1,736,110 shares under this initiative.

Some holders of minority interests in certain of our subsidiaries have the right at certain times to require us to acquire their interest at a price that approximates fair value pursuant to a formula price as defined in the agreements. Additionally, some prior owners of such acquired subsidiaries are eligible to receive additional purchase price cash consideration if certain profitability targets are met. We accrue liabilities that may arise from these transactions when we believe the outcome of the contingency is determinable beyond a reasonable doubt.

We finance our business to provide adequate funding for at least 12 months. Funding requirements are based on forecasted profitability and working capital needs, which, on occasion, may change. Consequently, we may change our funding structure to reflect any new requirements.

We believe that our cash and cash equivalents, ability to access private debt markets, public equity markets and available funds under existing credit facilities provide us with sufficient liquidity to meet our currently foreseeable short-term and long-term capital needs.

E-Commerce

Traditional healthcare supply and distribution relationships are being challenged by electronic online commerce solutions. Our distribution business is characterized by rapid technological developments and intense competition. The advancement of online commerce will require us to cost-effectively adapt to changing technologies, to enhance existing services and to develop and introduce a variety of new services to address the changing demands of consumers and our customers on a timely basis, particularly in response to competitive offerings.

Through our proprietary, technologically-based suite of products, we offer customers a variety of competitive alternatives. We believe that our tradition of reliable service, our name recognition and large customer base built on solid customer relationships, position us well to participate in this growing aspect of the distribution business. We continue to explore ways and means to improve and expand our Internet presence and capabilities.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 25, 2004.

Risk Factors

The healthcare products distribution industry is highly competitive and we may not be able to compete successfully.

We compete with numerous companies, including several major manufacturers and distributors. Some of our competitors have greater financial and other resources than we do, which could allow them to compete more successfully. Most of our products are available from several sources and our customers tend to have relationships with several distributors. Competitors could obtain exclusive rights to market particular products, which we would then be unable to market. Manufacturers could also increase their efforts to sell directly to end-users and bypass distributors like us. Industry consolidation among healthcare products distributors, the unavailability of products, whether due to our inability to gain access to products or interruptions in supply from manufacturers, or the emergence of new competitors could also increase competition. In the future, we may be unable to compete successfully and competitive pressures may reduce our revenues.

The healthcare industry is experiencing changes that could adversely affect our business.

The healthcare industry is highly regulated and subject to changing political, economic and regulatory influences. In recent years, the healthcare industry has undergone significant change driven by various efforts to reduce costs, including the reduction of spending budgets by government and private insurance programs, such as Medicare, Medicaid and corporate health insurance plans; pressures relating to potential healthcare reform; trends toward managed care; consolidation of healthcare distribution companies; collective purchasing arrangements among office-based healthcare practitioners; and reimbursements to customers. If we are unable to react effectively to these and other changes in the healthcare industry, our operating results could be adversely affected. In addition, the enactment of any significant healthcare reforms could have a material adverse effect on our business.

We must comply with government regulations governing the distribution of pharmaceuticals and medical devices, and additional regulations could negatively affect our business.

Our business is subject to requirements under various local, state, federal and international governmental laws and regulations applicable to the manufacture and distribution of pharmaceuticals and medical devices. Among the federal laws with which we must comply are the Controlled Substances Act and the Federal Food, Drug, and Cosmetic Act, including the Prescription Drug Marketing Act of 1987 and the Safe Medical Devices Act. Such laws:

- regulate the storage and distribution, labeling, handling, record keeping, manufacturing and advertising of drugs and medical devices;
- subject us to inspection by the Federal Food and Drug Administration and the Drug Enforcement Administration;
- regulate the transportation of certain of our products that are considered hazardous materials;
- require registration with the Federal Food and Drug Administration and the Drug Enforcement Administration;
- require us to coordinate returns of products that have been recalled and subject us to inspection of our recall procedures; and
- impose reporting requirements if a pharmaceutical or medical device causes serious illness, injury or death.

Our business is also subject to requirements of foreign governmental laws and regulations affecting our operations abroad.

The failure to comply with any of these regulations or the imposition of any additional regulations could negatively affect our business. There can be no assurance that current or future U.S. or foreign government regulations will not adversely affect our business.

Our international operations are subject to inherent risks that could adversely affect our operating results.

International operations are subject to risks that may materially adversely affect our business, results of operations and financial condition. The risks that our international operations are subject to include:

- difficulties and costs relating to staffing and managing foreign operations;
- difficulties in establishing channels of distribution;
- fluctuations in the value of foreign currencies;
- longer payment cycles of foreign customers and difficulty of collecting receivables in foreign jurisdictions;
- repatriation of cash from our foreign operations to the United States;
- cumbersome regulatory requirements;
- unexpected difficulties in importing or exporting our products;
- imposition of import/export duties, quotas, sanctions or penalties; and

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- unexpected regulatory, economic and political changes in foreign markets.

As a result of our acquisition of the Demedis Group, our foreign operations are significantly larger and, therefore, our exposure to the risks inherent in international operations has become greater.

We experience fluctuations in quarterly earnings. As a result, we may fail to meet or exceed the expectations of securities analysts and investors, which could cause our stock price to decline.

Our business is subject to seasonal and other quarterly fluctuations. Net sales and operating profits generally have been higher in the third and fourth quarters due to the timing of sales of seasonal products (including influenza vaccine, equipment and software products), purchasing patterns of office-based healthcare practitioners and year-end promotions. Net sales and operating profits generally have been lower in the first quarter, primarily due to increased sales in the prior two quarters. Quarterly results may also be adversely affected by a variety of other factors, including:

- costs of developing new applications and services;
- costs related to acquisitions of technologies or businesses;
- the timing and amount of sales and marketing expenditures;
- general economic conditions, as well as those specific to the healthcare industry and related industries;
- the timing of the release of functions of our technology-related products and services; and
- our success in establishing or maintaining business relationships.

Any change in one or more of these or other factors could cause our annual or quarterly operating results to fluctuate. If our operating results do not meet market expectations, our stock price may decline.

Because substantially all of the products that we distribute are not manufactured by us, we are dependent upon third parties for the manufacture and supply of substantially all of our products.

We obtain substantially all of our products from third-party suppliers. Generally, we do not have long-term contracts with our suppliers committing them to supply products to us. Therefore, suppliers may not provide the products we need in the quantities we request. Because we do not control the actual production of the products we sell, we may be subject to delays caused by interruption in production based on conditions outside of our control. In the event that any of our third-party suppliers were to become unable or unwilling to continue to provide the products in required volumes, we would need to identify and obtain acceptable replacement sources on a timely basis. There is no guarantee that we will be able to obtain such alternative sources of supply on a timely basis, if at all. An extended interruption in the supply of our products, including the supply of our influenza vaccine and any other high sales volume product, would have an adverse effect on our results of operations, which most likely would adversely affect the value of our common stock.

Our expansion through acquisitions and joint ventures involves risks.

We have expanded our domestic and international markets in part through acquisitions and joint ventures, and we expect to continue to make acquisitions and enter into joint ventures in the future. Such transactions involve numerous risks, including possible adverse effects on our operating results or the market price of our common stock. Some of our acquisitions and future acquisitions may also give rise to an obligation by us to make contingent payments or to satisfy certain repurchase obligations, which payments could have an adverse effect on our results of operations. In addition, integrating acquired businesses and joint ventures:

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- may result in a loss of customers or product lines of the acquired businesses or joint ventures;
- requires significant management attention; and
- may place significant demands on our operations, information systems and financial resources.

There can be no assurance that our future acquisitions or joint ventures will be successful. Our ability to continue to successfully effect acquisitions and joint ventures will depend upon the following:

- the availability of suitable acquisition or joint venture candidates at acceptable prices;
- our ability to consummate such transactions, which could potentially be prohibited due to U.S. or foreign antitrust regulations; and
- the availability of financing on acceptable terms, in the case of non-stock transactions.

We face inherent risk of exposure to product liability and other claims in the event that the use of the products we sell results in injury.

Our business involves a risk of product liability and other claims and from time to time we are named as a defendant in cases as a result of our distribution of pharmaceutical and other healthcare products. Additionally, we own a majority interest in a company that manufactures dental implants and we are subject to the potential risk of product liability or other claims relating to the manufacture of products by that entity. One of the potential risks we face in the distribution of our products is liability resulting from counterfeit products infiltrating the supply chain. In addition, some of the products that we transport and sell are considered hazardous materials. The improper handling of such materials or accidents involving the transportation of such materials could subject us to liability. We have insurance policies, including product liability insurance, covering risks and in amounts that we consider adequate. Additionally, in many cases we are covered by indemnification from the manufacturer of the product. However, we cannot assure you that the coverage maintained by us is sufficient to cover future claims, that it will be available in adequate amounts or at a reasonable cost, or that indemnification agreements will provide adequate protection for us. A successful claim brought against us in excess of available insurance or indemnification, or any claim that results in significant adverse publicity against us, could harm our business.

Our technology segment depends upon continued product development, technical support and successful marketing.

Competition among companies supplying practice-management software is intense and increasing. Our future sales of practice-management software will depend on, among other factors:

- the effectiveness of our sales and marketing programs;
- our ability to enhance our products; and
- our ability to provide ongoing technical support.

We cannot be sure that we will be successful in introducing and marketing new software or software enhancements, or that such software will be released on time or accepted by the market. Our software products, like software products generally, may contain undetected errors or bugs when introduced or as new versions are released. We cannot be sure that future problems with post-release software errors or bugs will not occur. Any such defective software may result in increased expenses related to the software and could adversely affect our relationships with the customers using such software. We do not have any patents on our software, and rely upon copyright, trademark and trade secret laws, as well as contractual and common law protections. We cannot assure you that such legal protections will be available or enforceable to protect our

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software products.

Our revenues depend on our relationships with capable sales personnel as well as key customers, vendors and manufacturers of the products that we distribute.

Our future operating results depend on our ability to maintain satisfactory relationships with qualified sales personnel as well as key customers, vendors and manufacturers. If we fail to maintain our existing relationships with such persons or fail to acquire relationships with such key persons in the future, our business may suffer.

Our future performance is materially dependent upon our senior management.

Our future success is substantially dependent upon the efforts and abilities of members of our existing senior management, particularly Stanley M. Bergman, Chairman and Chief Executive Officer, among others. The loss of the services of Mr. Bergman could have a material adverse effect on our business. We have an employment agreement with Mr. Bergman. We do not currently have “key man” life insurance policies on any of our employees. Competition for senior management is intense, and we may not be successful in attracting and retaining key personnel.

Increases in the cost of shipping or service trouble with our third-party shippers could harm our business.

Shipping is a significant expense in the operation of our business. We ship almost all of our U.S. orders by United Parcel Service, Inc. and other delivery services, and typically bear the cost of shipment. Accordingly, any significant increase in shipping rates could have an adverse effect on our operating results. Similarly, strikes or other service interruptions by those shippers could cause our operating expenses to rise and adversely affect our ability to deliver products on a timely basis.

We may not be able to respond to technological change effectively.

Traditional healthcare supply and distribution relationships are being challenged by electronic online commerce solutions. Our distribution business is characterized by rapid technological developments and intense competition. The advancement of online commerce will require us to cost-effectively adapt to changing technologies, to enhance existing services and to develop and introduce a variety of new services to address changing demands of consumers and our clients on a timely basis, particularly in response to competitive offerings. Our inability to anticipate and effectively respond to changes on a timely basis could have an adverse effect on our business.

We are exposed to the risk of an increase in interest rates.

In 2003, we entered into interest rate swap agreements to exchange our fixed rate interest rates for variable interest rates payable on our \$230 million senior notes. Our fixed interest rates on the senior notes were 6.94% and 6.66% for the \$130 million and \$100 million senior notes, respectively. The variable rate is comprised of LIBOR plus the spreads and resets on the interest due dates for the senior notes. As a result of these interest rate swap agreements, as well as our existing variable rate credit lines, and loan agreements, we are exposed to risk from fluctuations in interest rates. For example, a hypothetical 100 basis points increase in interest rates would increase our annual interest expense by approximately \$2.8 million.

Our acquisitions may not result in the benefits and revenue growth we expect.

We are in the process of integrating companies that we acquired, including the Demedis Group, and assimilating the operations, services, products and personnel of each company with our management policies, procedures and strategies. We cannot be sure that we will achieve the benefits of revenue growth that we expect from these acquisitions or that we will not incur unforeseen additional costs or expenses in connection

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with these acquisitions. To effectively manage our expected future growth, we must continue to successfully manage our integration of these companies and continue to improve our operational systems, internal procedures, accounts receivable and management, financial and operational controls. If we fail in any of these areas, our business could be adversely affected.

The market price for our common stock may be highly volatile.

The market price for our common stock may be highly volatile. A variety of factors may have a significant impact on the market price of our common stock, including:

- the publication of earnings estimates or other research reports and speculation in the press or investment community;
- changes in our industry and competitors;
- our financial condition, results of operations and cash flows and prospects;
- any future issuances of our common stock, which may include primary offerings for cash, stock splits, issuances in connection with business acquisitions and the grant or exercise of stock options from time to time;
- general market and economic conditions; and
- any outbreak or escalation of hostilities.

In addition, the Nasdaq National Market can experience extreme price and volume fluctuations that can be unrelated or disproportionate to the operating performance of the companies listed on Nasdaq. Broad market and industry factors may negatively affect the market price of our common stock, regardless of actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business.

Certain provisions in our governing documents and other documents to which we are a party may discourage third-party offers to acquire us that might otherwise result in our stockholders receiving a premium over the market price of their shares.

The provisions of our certificate of incorporation and by-laws may make it more difficult for a third party to acquire us, may discourage acquisition bids, and may limit the price that certain investors might be willing to pay in the future for shares of our common stock. These provisions, among other things:

- require the affirmative vote of the holders of at least 60% of the shares of common stock entitled to vote to approve a merger, consolidation, or a sale, lease, transfer or exchange of all or substantially all of our assets; and
- require the affirmative vote of the holders of at least 66 2/3% of our common stock entitled to vote to:
 - remove a director; and
 - to amend or repeal our by-laws, with certain limited exceptions.

In addition, our 1994 Stock Incentive Plan, 1996 Non-Employee Director Stock Incentive Plan and 2001 Non-Employee Director Incentive Plan provide for accelerated vesting of stock options upon a change in

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control, and certain agreements between us and our executive officers provide for increased severance payments if those executive officers are terminated without cause within two years after a change in control.

We also have a stockholder rights plan that could make it more difficult for a third party to acquire us if our Board of Directors does not determine that the acquisition proposal is adequate and in the stockholders' best interest.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk from that disclosed in Item 7A of our Annual Report on Form 10-K for the year ended December 25, 2004.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chairman and Chief Executive Officer (“CEO”) and our Executive Vice President and Chief Financial Officer (“CFO”), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this quarterly report. Based on this evaluation, our CEO and CFO concluded that as of June 25, 2005 our disclosure controls and procedures were effective in ensuring that the information required to be filed in this report has been recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting, other than that referred to below, that occurred during the quarter ended June 25, 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The internal controls over financial reporting of companies acquired during the quarter, which in the aggregate represent approximately 1.4% of net sales for the three months ended June 25, 2005, are being evaluated as part of our annual assessment of internal controls over financial reporting.

Limitations of the Effectiveness of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Our business involves a risk of product liability claims and other claims in the ordinary course of business, and from time to time we are named as a defendant in cases as a result of our distribution of pharmaceutical and other healthcare products. As a business practice, we generally obtain product indemnification from our suppliers.

We have various insurance policies, including product liability insurance, covering risks in amounts that we consider adequate. In many cases in which we have been sued in connection with products manufactured by others, the manufacturer provides us with indemnification. There can be no assurance that the insurance coverage we maintain is sufficient or will be available in adequate amounts or at a reasonable cost, or that indemnification agreements will provide us with adequate protection. In our opinion, all pending matters, including those described below, are covered by insurance or will not otherwise seriously harm our financial condition.

As of June 25, 2005, we had accrued our best estimate of potential losses relating to product liability, class action and other claims that were probable to result in a liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other external factors, including probable recoveries from third parties.

Product Liability Claims

As of June 25, 2005, we were a defendant in approximately 41 product liability cases. Of these cases, three involve claims made by healthcare workers and/or their families who claim allergic reaction relating to exposure to latex gloves. In each of these cases, we acted as a distributor of brand name and/or "Henry Schein" private brand latex gloves, which were manufactured by third parties. To date, discovery in these cases has generally been limited to product identification issues. The manufacturers in these cases generally withhold indemnification of us pending product identification; however, we have pleaded or filed cross claims against those manufacturers in such cases.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*Purchases of equity securities by the issuer*

The following table summarizes repurchases of our common stock under our stock repurchase program:

<u>Fiscal Month</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under Our Program (2)</u>
03/27/05 through 04/23/05	26,500	36.54	1,255,698
04/24/05 through 05/28/05	5,300	36.87	1,156,949
05/29/05 through 06/25/05	90,000	39.28	1,030,931
Total	<u>121,800</u>	<u>38.58</u>	

- (1) All repurchases were executed in the open market under our existing publicly announced authorized program.
- (2) Our current share repurchase program, announced on June 21, 2004, allows us to repurchase up to \$100 million in shares of our common stock, which represented approximately 3.5% of shares outstanding at the commencement of the program. Through the close of the second quarter of 2005, we had repurchased \$57.3 million or 1,736,110 shares under this initiative. The maximum number of shares that may yet be purchased under this program is determined at the end of each month based on the closing price of our stock at that time.

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

At our Annual Meeting of Stockholders held on May 24, 2005, our stockholders took the following actions:

- (i) Re-elected the following individuals to our Board of Directors:

Stanley M. Bergman	(78,040,291 shares voting for, 1,499,679 shares withheld)
Gerald A. Benjamin	(77,910,292 shares voting for, 1,629,678 shares withheld)
James P. Breslawski	(78,127,512 shares voting for, 1,412,458 shares withheld)
Mark E. Mlotek	(78,125,846 shares voting for, 1,414,124 shares withheld)
Steven Paladino	(77,371,036 shares voting for, 2,168,934 shares withheld)
Barry J. Alperin	(77,346,751 shares voting for, 2,193,219 shares withheld)
Paul Brons	(79,418,126 shares voting for, 121,844 shares withheld)
Dr. Margaret A. Hamburg	(79,425,264 shares voting for, 114,706 shares withheld)
Donald J. Kabat	(77,356,544 shares voting for, 2,183,426 shares withheld)
Philip A. Laskawy	(78,180,712 shares voting for, 1,359,258 shares withheld)
Norman S. Matthews	(76,938,748 shares voting for, 2,601,222 shares withheld)
Marvin H. Schein	(51,299,503 shares voting for, 28,240,467 shares withheld)
Dr. Louis W. Sullivan	(77,531,913 shares voting for, 2,008,057 shares withheld)

- (ii) Approved the amendment to the 2001 Henry Schein, Inc. Section 162(m) Cash Bonus Plan (76,975,441 shares voting for; 2,354,970 shares voting against; and 209,559 shares abstaining).
- (iii) Approved the amendment to our Amended and Restated Certificate of Incorporation (74,210,954 shares voting for; 5,167,875 shares voting against; and 161,141 shares abstaining).
- (iv) Ratified the selection of BDO Seidman, LLP as our independent registered public accounting firm for the year ending December 31, 2005 (78,862,416 shares voting for; 545,857 shares voting against; 131,697 shares abstaining).

ITEM 6. EXHIBITS

- (a) Exhibits.

- 3.1 Amendment dated May 25, 2005 to Amended and Restated Certificate of Incorporation
- 10.1 Credit Agreement among us, the several lenders parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Citibank, N.A., as syndication agent, HSBC Bank USA, N.A., Lehman Commercial Paper, Inc., Mellon Bank, N.A. and Wells Fargo Bank, National Association as co-agents, dated as of May 24, 2005
- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURE

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

Henry Schein, Inc.
(Registrant)

By: /s/ Steven Paladino
Steven Paladino
Executive Vice President and
Chief Financial Officer
(Authorized Signatory and Principal Financial and
Accounting Officer)

Dated: August 3, 2005

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
HENRY SCHEIN, INC.

**(Under Section 242 of the General Corporation
Law of the State of Delaware)**

HENRY SCHEIN, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that:

FIRST: The name of the corporation is Henry Schein, Inc. (the "Corporation"). The name under which the Corporation was originally incorporated was Henry Schein USA, Inc., and the date of filing the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware was December 23, 1992.

SECOND: The Amended and Restated Certificate of Incorporation, as heretofore amended (the "Certificate of Incorporation"), of the Corporation is hereby amended to increase the authorized number of shares of the Corporation's common stock, par value \$0.01, from 120,000,000 to 240,000,000 by striking out the first paragraph of Article FOURTH thereof and by substituting in lieu of said paragraph the following new paragraph:

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is two hundred forty-one million (241,000,000) shares, consisting of two hundred forty million (240,000,000) shares of common stock having a par value of one cent (\$0.01) per share ("Common Stock") and one million (1,000,000) shares of preferred stock having a par value of one cent (\$0.01) per share ("Preferred Stock").

THIRD: The foregoing amendment to the Certificate of Incorporation was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Henry Schein, Inc. has caused this Certificate to be signed this 25 day of May, 2005.

HENRY SCHEIN, INC.

By: /s/ Michael S. Ettinger
Name: Michael S. Ettinger
Title: Vice President and General Counsel

\$300,000,000

CREDIT AGREEMENT

among

HENRY SCHEIN, INC.,

as Borrower,

The Several Lenders Parties Hereto,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent,

CITIBANK, N.A.,

as Syndication Agent,

HSBC BANK USA, N.A.,

LEHMAN COMMERCIAL PAPER INC.,

MELLON BANK, N.A.,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Co-Agents

Dated as of May 24, 2005

J.P. MORGAN SECURITIES INC., as Lead Arranger and Bookrunner

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Exhibit D	Form of Exemption Certificate
Exhibit E	Form of Revolving Credit Note
Exhibit F	Form of Swingline Note
Exhibit G	Form of Opinion of Counsel to Borrower
Exhibit H	Form of Compliance Certificate
Exhibit I	Form of Assignment and Acceptance
Exhibit J	Form of Guarantee

CREDIT AGREEMENT, dated as of May 24, 2005, among (i) Henry Schein, Inc., a Delaware corporation (the “Borrower”), (ii) the several Lenders party hereto (the “Lenders”), (iii) JPMorgan Chase Bank, N.A., as administrative agent, (iv) Citibank, N.A., as syndication agent (in such capacity, the “Syndication Agent”), and (v) HSBC Bank USA, N.A., Mellon Bank, N.A., Lehman Commercial Paper Inc. and Wells Fargo, National Association, as co-agents (in such capacity, the “Co-Agents”).

The parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms.

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

“ABR”: for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greater of (a) the Prime Rate in effect on such day, and (b) the Federal Funds Effective Rate in effect on such day plus 0.25%. For purposes hereof: “Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by JPMCB as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMCB in connection with extensions of credit to debtors). Any change in the ABR due to a change in the Prime Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate.

“ABR Loans”: Revolving Credit Loans bearing interest at a rate per annum determined by reference to the ABR.

“Adjusted LIBO Rate”: with respect to each day during each Interest Period pertaining to a LIBOR Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

LIBO Rate

1.00 — Eurocurrency Reserve Requirements

“Administrative Agent”: JPMorgan Chase Bank, N.A., as the Administrative Agent for the Lenders under this Agreement and the other Loan Documents.

“Administrative Questionnaire”: an administrative questionnaire in a form supplied by the Administrative Agent.

“Affiliate”: as to any Person, any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (a) vote 25% or more of the securities having ordinary voting power for the election of

directors of (or persons performing similar functions for) such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Agents”: the collective reference to the Administrative Agent, the Sole Lead Arranger, the Sole Bookrunner and the Syndication Agent.

“Aggregate Available Multicurrency Commitments”: as at any time of determination, an amount in Dollars equal to the sum of the Available Multicurrency Commitments of all Lenders at such time.

“Aggregate Available Revolving Credit Commitments”: as at any time of determination with respect to all Lenders, an amount in Dollars equal to the sum of the Available Revolving Credit Commitments of all Lenders at such time.

“Aggregate Multicurrency Commitments”: the obligations of the Lenders to make Multicurrency Loans hereunder in an aggregate principal amount at any one time outstanding not to exceed \$100,000,000.

“Aggregate Multicurrency Outstandings”: as at any time of determination with respect to any Lender, the Dollar Equivalent of the principal amount of such Lender’s outstanding Multicurrency Loans at such time.

“Aggregate Revolving Credit Commitments”: as at any time of determination, the aggregate amount of the Revolving Credit Commitments of all of the Lenders at such time.

“Aggregate Revolving Credit Outstandings”: as at any time of determination with respect to any Lender, an amount in Dollars equal to the sum of (a) the aggregate unpaid principal amount of such Lender’s Revolving Credit Loans (in the case of outstanding Multicurrency Loans, Aggregate Multicurrency Outstandings) on such date plus (b) such Lender’s Revolving Credit Commitment Percentage of (i) the Aggregate Swingline Outstandings and (ii) the L/C Obligations.

“Aggregate Swingline Outstandings”: as at any time of determination, the aggregate unpaid principal amount of Swingline Loans at such time.

“Agreement”: this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“Applicable Margin”: with respect to each day for LIBOR Loans, the applicable rate per annum based on the Consolidated Leverage Ratio for such day, as set forth under the relevant column heading below:

Tier	Ratio	Applicable Margin (bps)
I	³ 2.75:1.00	47.5
II	<2.75:1.00 but ³ 2.25:1.00	37.5
III	<2.25:1.00 but ³ 1.50:1.00	31.0
IV	<1.50:1.00	27.0

The Applicable Margin will be set on the day which is five Business Days following the receipt by the Administrative Agent of the financial statements referenced in subsection 7.1(a) or subsection 7.1(b), as the case may be, and shall apply to all LIBOR Loans (i.e., existing, new or additional Loans, or Loans which are continuations or conversions) then outstanding (i.e., subject to the below provisions, outstanding LIBOR Loans shall bear interest at the new Applicable Margin from and after the date any such margin is reset in accordance with the provisions hereof; prior to such time, such LIBOR Loans shall accrue interest based on the Applicable Margin relating to the period immediately prior to the time such margin is reset in accordance with the provisions hereof) or to be made on or after such date until, but not including, the next date on which the Applicable Margin is reset in accordance with the provisions hereof; provided, however, that notwithstanding the foregoing, if any financial statements are not received by the Administrative Agent within the time period relating to such financial statements as provided in subsection 7.1(a) or subsection 7.1(b) as the case may be, the Applicable Margin on all LIBOR Loans then outstanding or to be made on or after the date the Applicable Margin should have been reset in accordance with the foregoing provisions (i.e., assuming timely delivery of the requisite financial statements), until the day which is five Business Days following the receipt by the Administrative Agent of such financial statements, will be 0.475%; and further provided, however, that the Lenders shall not in any way be deemed to have waived any Event of Default or any remedies hereunder (including, without limitation, remedies provided in Section 9) in connection with the provisions of the foregoing proviso.

“Application”: an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to issue a Letter of Credit.

“Approved Fund”: as defined in subsection 11.6(b).

“Assignee”: as defined in subsection 11.6(b).

“Attorney Costs”: all reasonable fees and disbursements of any law firm or other external counsel.

“Australian Dollars”: the lawful currency of Australia.

“Available Foreign Currencies”: Euro, Japanese Yen, Australian Dollars, Canadian Dollars, Pounds Sterling, Swiss Francs and any other available and freely-convertible non-Dollar currency in which dealings in deposits are carried out in the London interbank market which are selected by the Borrower and approved by the Administrative Agent and each of the Lenders.

“Available Multicurrency Commitment”: as at any time of determination with respect to any Lender, an amount in Dollars equal to the excess, if any, of (a) the amount of such Lender’s Multicurrency Commitment in effect at such time over (b) the Dollar Equivalent of the Aggregate Multicurrency Outstandings of such Lender at such time.

“Available Revolving Credit Commitment”: as at any time of determination with respect to any Lender, an amount in Dollars equal to the excess, if any, of (a) the amount of such Lender’s Revolving Credit Commitment in effect at such time over (b) the Aggregate Revolving Credit Outstandings of such Lender at such time.

“Borrower”: as defined in the preamble hereto.

“Borrowing”: any extension of credit under this Agreement.

“Borrowing Date”: any Business Day specified in a notice pursuant to Section 2 or Section 4 as a date on which the Borrower requests the Lenders to extend credit, make Loans or issue Letters of Credit hereunder.

“British Pounds Sterling” and “Pounds Sterling”: the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided, that (a) if such day relates to any Multicurrency Loan denominated in a currency other than Euro, such term shall mean any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the applicable foreign currency or foreign exchange interbank market, (b) if such day relates to any Multicurrency Loan denominated in Euro, such term shall mean Target Operating Days, and (c) if such day relates to any LIBOR Loan in Dollars, such term shall mean a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close which is also a London Business Day.

“Calculation Date”: the last Business Day of each calendar month and such other date as may be reasonably determined by the Administrative Agent.

“Canadian Dollars”: the lawful currency of Canada.

“Capital Lease Obligations”: as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“Change in Control”: any Person or “group” (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) (A) shall have acquired beneficial

interest of 50% or more of any outstanding class of equity interests having ordinary voting power in the election of the directors of the Borrower (other than the aggregate beneficial ownership of the Persons who are officers or directors of the Borrower on the Closing Date) or (B) shall obtain (i) the power (whether or not exercised) to elect a majority of the Borrower's directors or (ii) the board of directors of the Borrower shall not consist of a majority of Continuing Directors.

“CLO”: as defined in subsection 11.6(b).

“Closing Date”: the date, on or before May 24, 2005, on which the conditions precedent set forth in subsection 6.1 shall be satisfied.

“Co-Agents”: as defined in the Preamble hereto.

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commitment Increase Date”: as defined in subsection 2.7(a).

“Commitment Period”: the period from and including the Closing Date to but not including the Termination Date.

“Commitments”: the collective reference to the Revolving Credit Commitments, Multicurrency Commitments, Swingline Commitments and L/C Commitment.

“Committed Outstandings Percentage”: on any date with respect to any Lender, the percentage which the Aggregate Revolving Credit Outstandings of such Lender constitutes of the Aggregate Revolving Credit Outstandings of all Lenders.

“Confidential Information Memorandum”: the Confidential Information Memorandum dated April 2005 relating to the Borrower and this Agreement.

“Consolidated EBITDA”: for any period, Consolidated Operating Income plus, without duplication, (a) Consolidated Interest Income, (b) depreciation, (c) amortization and (d) the Designated Charges of the Borrower and its Subsidiaries for such period, determined on a consolidated basis and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Gross Profit”: for any period, net sales less cost of sales of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Interest Coverage Ratio”: at any date of determination, the ratio of (a) Consolidated EBITDA for the period of the four prior fiscal quarters ending on (or most recently ended prior to) such date to (b) Consolidated Interest Expense for such period.

“Consolidated Interest Expense”: for any period, total interest expense (including, without limitation, rent or interest expense pursuant to Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Interest Income”: for any period, the interest income of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Leverage Ratio”: at any date of determination, the ratio of (a) Consolidated Total Debt on such date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on (or most recently ended prior to) such date.

“Consolidated Operating Expenses”: for any period, total expenses related to salaries, employee benefits and general and administrative expenses of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Operating Income”: for any period, Consolidated Gross Profit less Consolidated Operating Expenses of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Total Assets”: at any date of determination, the net book value of all assets of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Consolidated Total Debt”: at any date of determination, the aggregate amount of all Indebtedness of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Continuing Directors”: as to the Borrower, the directors of the Borrower on the Closing Date and each other director of the Borrower whose nomination for election to the Board of Directors of Borrower is recommended by a majority of the then Continuing Directors.

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

“Default”: any event or circumstance that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Designated Charges”: for any period, to the extent deducted in computing Consolidated Operating Income, the aggregate of total (a) non-cash, non-recurring merger and integration costs, and (b) non-cash, non-recurring restructuring costs, of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004.

“Disclosed Matters”: the actions, suits and proceedings and the environmental matters disclosed in Schedule 5.10.

“Disposition” or “Dispose”: the sale, transfer, license or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disposition Value”: (a) in the case of property that does not constitute Subsidiary Stock, the book value thereof, valued at the time of such Disposition in good faith by the Borrower, and (b) in the case of property that constitutes Subsidiary Stock, an amount equal to that percentage of book value of the assets of the Subsidiary that issued such stock as is equal to the percentage that the book value of such Subsidiary Stock represents of the book value of all of the outstanding Equity Interests of such Subsidiary (assuming, in making such calculations, that all securities convertible into such Equity Interests are so converted and giving full effect to all transactions that would occur or be required in connection with such conversion) determined at the time of the Disposition thereof, in good faith by the Borrower.

“Dollar Equivalent”: with respect to an amount denominated in any currency other than Dollars, the equivalent in Dollars of such amount determined at the Exchange Rate on the date of determination of such equivalent in accordance with the provisions of the next sentence. In making any determination of the Dollar Equivalent for purposes of calculating the amount of Loans to be borrowed from the respective Lenders on any Borrowing Date, the Administrative Agent shall use the relevant Exchange Rate in effect on the date on which the interest rate for such Loans is determined pursuant to the provisions of this Agreement and the other Loan Documents.

“Domestic Subsidiary”: any Subsidiary other than a Foreign Subsidiary.

“Dollars” and “\$”: lawful currency of the United States of America.

“Environmental Laws”: all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, written notices or written and binding agreements issued, promulgated or entered into by any Governmental Authority, relating to the pollution or the protection of the

environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or imposing workers health and safety requirements.

“Environmental Liability”: any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) a claim made pursuant to any written contract, agreement or other written and binding consensual arrangement pursuant to which liability is assumed or imposed by or on Borrower or any of its Subsidiaries with respect to any of the foregoing.

“Equity Interests”: any and all shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interests.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate”: any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

“ERISA Event”: (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice (x) imposing withdrawal liability under Title IV of ERISA or (y) stating that a Multiemployer Plan is, or is reasonably expected to be, Insolvent or in Reorganization, within the meaning of Title IV of ERISA.

“Euro”: the single currency of participating member states of the European Union.

“Eurocurrency Reserve Requirements”: for any day as applied to a Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements actually imposed on such day (including, without limitation, basic, supplemental, marginal and emergency reserves) under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of such Board) maintained by a member bank of such System. The determination of Eurocurrency Reserve Requirements by the Administrative Agent shall be conclusive in the absence of manifest error.

“Event of Default”: any of the events specified in Section 9.

“Excess Utilization Day”: any day on which the sum of the Aggregate Revolving Credit Outstandings of all Lenders exceeds 50% of the Aggregate Revolving Credit Commitments.

“Exchange Rate”: with respect to any non-Dollar currency on any date, the rate at which such currency may be exchanged into Dollars, as set forth on such date on the relevant Reuters currency page at or about 11:00 A.M., London time, on such date. In the event that such rate does not appear on any Reuters currency page, the “Exchange Rate” with respect to such non-Dollar currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Borrower or, in the absence of such agreement, such “Exchange Rate” shall instead be the Spot Rate of exchange in the interbank market where its foreign currency exchange operations in respect of such non-Dollar currency are then being conducted, at or about 10:00 A.M., local time, on such date for the purchase of Dollars with such non-Dollar currency, for delivery two Business Days later; provided, that if at the time of any such determination, no such Spot Rate can reasonably be quoted, the Administrative Agent after consultation with the Borrower may use any reasonable method as the Administrative Agent deems applicable to determine such rate, and such determination shall be conclusive absent manifest error. The Administrative Agent shall determine the Exchange Rate on each Calculation Date. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a “Reset Date”) or other determination, shall remain effective until the next succeeding Reset Date, and shall for all purposes of this Agreement (other than Section 11.15 or any other provision expressly requiring the use of a current Exchange Rate) be the Exchange Rates employed in converting any amounts between US Dollars and Available Foreign Currencies.

“Existing Facility”: the Credit Agreement, dated as of May 2, 2002, as amended, among the Borrower, the several guarantors from time to time parties thereto, JPMCB, as administrative agent for the lenders thereunder, Fleet National Bank, as syndication agent, and the several lenders and other financial institutions or entities from time to time parties thereto.

“Existing Letters of Credit”: those letters of credit which are individually described on Schedule II.

“Facility Fee Rate”: for each day during each calculation period, the rate per annum based on the Consolidated Leverage Ratio for such day, as set forth below:

<u>Tier</u>	<u>Ratio</u>	<u>Facility Fee (bps)</u>
I	=2.75:1.00	15.0
II	<2.75:1.00 but ³ 2.25:1.00	12.5
III	<2.25:1.00 but ³ 1.50:1.00	9.0
IV	<1.50:1.00	8.0

The applicable Facility Fee will be set on the day which is five Business Days following the receipt by the Administrative Agent of the financial statements referenced in subsection 7.1(a) or subsection 7.1(b), as the case may be, and shall apply until, but not including, the next date on which the applicable Facility Fee is reset in accordance with the provisions hereof; provided, however, that notwithstanding the foregoing, if any financial statements are not received by the Administrative Agent within the time period relating to such financial statements as provided in subsection 7.1(a) or subsection 7.1(b), as the case may be, the applicable Facility Fee will be 0.150% until the day which is five Business Days following the receipt by the Administrative Agent of such financial statements; and further provided, however, that the Lenders shall not in any way be deemed to have waived any Event of Default or any remedies hereunder (including, without limitation, remedies provided in Section 9) in connection with the provisions of the foregoing proviso.

“Fair Market Value”: at any time and with respect to any property, the sale value of such property that would be realized in an arm’s-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell).

“Fed Funds Loans”: Swingline Loans bearing interest at a rate per annum determined by reference to the Federal Funds Effective Rate.

“Federal Funds Effective Rate”: for any day, 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 on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. Any change in the Federal Funds Effective Rate shall be effective as of the opening of business on the effective date of such change.

“Fee Commencement Date”: the Closing Date.

“Financing Lease”: any lease of property, real or personal, the obligations of the lessee in respect of which are Capital Lease Obligations on a balance sheet of the lessee.

“Foreign Subsidiary”: any Subsidiary incorporated or otherwise organized in any jurisdiction outside the United States of America, its territories and possessions.

“Funding Commitment Percentage”: as at any date of determination, with respect to any Lender, that percentage which the Available Revolving Credit Commitment of such Lender then constitutes of the Aggregate Available Revolving Credit Commitments.

“GAAP”: generally accepted accounting principles in the United States of America consistently applied with respect to those utilized in preparing the audited financial statements referred to in subsection 5.1.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Guarantee Obligation”: as to any Person (the “guaranteeing person”), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the “primary obligations”) of any other unrelated third Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith.

“Guarantors”: any Subsidiary of the Borrower which guarantees any of the Indebtedness or other obligations incurred under the Note Purchase Agreements, as amended, or any other debt securities or bank debt issued by the Borrower (it being understood that undrawn commitments in respect of bank credit facilities shall not constitute “bank debt” for purposes of this definition).

“Hazardous Material”: all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates,

asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature, to the extent regulated pursuant to any Environmental Law.

“Hedging Agreement”: any interest rate protection agreement, foreign currency exchange agreement, currency swap agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

“Indebtedness”: of any Person at any date, 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, (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, (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of bankers’ acceptances, letters of credit, surety bonds or similar arrangements, (g) all indebtedness of such Person, determined in accordance with GAAP, arising out of a Receivables Transaction, (h) all Guarantee Obligations of such Person; (i) all obligations of such Person secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation; provided, however, that in the event that liability of such Person is non-recourse to such Person and is recourse only to specified property owned by such Person, the amount of Indebtedness attributed thereto shall not exceed the greater of the Fair Market Value of such property or the net book value of such property, and (j) for the purposes of the definition of “Material Indebtedness” only (except to the extent otherwise included above), all obligations of such Person in respect of Swap Agreements; provided that for the purposes of the definition of “Material Indebtedness,” the “principal amount” of the obligations of such Person in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Person would be required to pay if such Swap Agreement were terminated at such time. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is actually liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not actually liable therefor.

“Insolvency”: with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

“Insolvent”: pertaining to a condition of Insolvency.

“Interest Payment Date”: (a) as to any ABR Loan and as to any Fed Funds Loan, the last day of each March, June, September and December; (b) as to any LIBOR Loan having an Interest Period of three months or less, the last day of such Interest Period; (c) as to any LIBOR Loan having an Interest Period longer than three months, each day which is three months, or a

whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period; and (d) as to any Swingline Loan, the earlier to occur of (i) the maturity date thereof and (ii) the date the same shall have been prepaid in accordance with the provisions of this Agreement.

“Interest Period”: with respect to any LIBOR Loan:

(i) initially, the period commencing on the Borrowing Date or conversion date, as the case may be, with respect to such LIBOR Loan and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such LIBOR Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days, in the case of LIBOR Loans in Dollars, and four Business Days, in the case of LIBOR Loans in Available Foreign Currencies, prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(1) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(2) any Interest Period in respect of any Loan made by any Lender that would otherwise extend beyond the Termination Date applicable to such Lender shall end on such Termination Date; and

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

“IRS”: The United States Internal Revenue Service and any successor governmental agency performing a similar function.

“Issuing Lender”: JPMCB, in its capacity as issuer of any Letter of Credit, and its successors. The Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Lender, in which case the term “Issuing Lender” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“Japanese Yen”: the official legal currency of Japan.

“JPMCB”: JPMorgan Chase Bank, N.A.

“Judgment Currency”: as defined in subsection 11.15.

“L/C Commitment”: the obligation of the Issuing Lender to issue Letters of Credit pursuant to Section 4 with respect to which the resulting L/C Obligations at any one time outstanding shall not exceed \$30,000,000.

“L/C Fee Payment Date”: the last day of each March, June, September and December and the last day of the Commitment Period.

“L/C Obligations”: at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to subsection 4.5.

“L/C Participants”: the collective reference to all the Lenders other than the Issuing Lender.

“Lender Affiliate”: (a) any Affiliate of any Lender, (b) any Person that is administered or managed by any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such Lender or investment advisor.

“Lenders”: as defined in the preamble hereto, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption (as defined in subsection 11.6), other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption; provided, that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Approved Fund.

“Letters of Credit”: as defined in subsection 4.1(a).

“LIBOR Loans”: Revolving Credit Loans with respect to which the rate of interest is based upon the Adjusted LIBO Rate.

“LIBO Rate”: with respect to each day during each Interest Period pertaining to a LIBOR Loan denominated in Dollars or any Available Foreign Currency, the rate per annum determined by the Administrative Agent to be the offered rate for deposits in the currency in which such LIBOR Loan is denominated with a term comparable to such Interest Period that appears on the applicable Telerate Page (or on any successor or substitute page or service, or any successor to or substitute for such page or service, providing rate quotations comparable to those currently provided on such page or service, as reasonably determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in the currency in which such LIBOR Loan is denominated in the London interbank

market) at approximately 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period; provided, however, that if at any time for any reason such offered rate for any such currency shall not be available, “LIBO Rate” shall mean, with respect to each day during each Interest Period pertaining to a LIBOR Loan denominated in such currency, the rate per annum reasonably determined by the Administrative Agent as the rate of interest at which deposits in the relevant currency for delivery on the first day of such Interest Period in same day funds in the amount of \$5,000,000 and with a term equivalent to such Interest Period would be offered by JPMCB’s London branch or London Affiliate to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period. The determination of the LIBO Rate by the Administrative Agent shall be conclusive in the absence of manifest error.

“Lien”: any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Financing Lease having substantially the same economic effect as any of the foregoing).

“Loan”: any Revolving Credit Loan, extension of credit under or pursuant to Section 4, or Swingline Loan, as the case may be.

“Loan Documents”: this Agreement, any Notes, the Administrative Agent/Sole Lead Arranger Fee Letter (as defined in subsection 2.5(c)), each Application, any Guarantee executed and delivered pursuant to subsection 7.12 and all other instruments and documents heretofore or hereafter executed or delivered to or in favor of any Lender or the Administrative Agent in connection with the Loans made and transactions contemplated by this Agreement.

“London Business Day”: any day on which banks in London are open for general banking business, including dealings in foreign currency and exchange.

“Majority Lenders”: (a) at any time prior to the termination of the Revolving Credit Commitments, Lenders whose Revolving Credit Commitment Percentages aggregate more than 50%; and (b) notwithstanding the foregoing, for purposes of declaring the Loans to be due and payable pursuant to Section 9, and at any time after the termination of the Revolving Credit Commitments, Lenders whose Aggregate Revolving Credit Outstandings aggregate more than 50% of the Aggregate Revolving Credit Outstandings of all Lenders.

“Material Adverse Effect”: a material adverse effect on (i) the business, assets, property or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or (ii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent and the Lenders thereunder, provided that events, developments or circumstances (“Changes”) (including general economic or political conditions) generally affecting the Borrower’s industry which are not reasonably likely to have a material adverse effect on (x) the business, assets, property or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or (y) the validity or enforceability of any of the Loan

Documents or the rights or remedies of the Administrative Agent or Lenders thereunder, will not be deemed Changes for purposes of determining whether a Material Adverse Effect shall have occurred.

“Material Indebtedness”: Indebtedness (other than the Loans and Letters of Credit) of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding \$40,000,000.

“Multicurrency Commitment”: as to any Lender, the obligation of such Lender to make Multicurrency Loans to the Borrower hereunder in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule I under the heading “Multicurrency Commitment,” and that such amount may be modified from time to time in accordance with the provisions of this Agreement.

“Multicurrency Commitment Percentage”: as to any Lender at any time, the percentage which such Lender’s Multicurrency Commitment at such time constitutes of the Aggregate Multicurrency Commitments at such time.

“Multicurrency Loans”: Revolving Credit Loans made in Available Foreign Currencies.

“Multiemployer Plan”: a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“1998 Noteholders”: any Person who holds notes of the Company issued pursuant to the Note Purchase Agreements on or about September 25, 1998 (of any successor thereof).

“1999 Noteholders”: any Person who holds notes of the Company issued pursuant to the Note Purchase Agreements on or about June 30, 1999 (of any successor thereof).

“Non-Excluded Taxes”: as defined in subsection 3.10.

“Notes”: the collective reference to any Revolving Credit Notes and any Swingline Notes.

“Note Purchase Agreements”: those certain Note Purchase Agreements dated as of June 30, 1999 and September 25, 1998, respectively, as amended, between the Borrower and the various note holders party thereto.

“Obligations”: collectively, the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Borrower under this Agreement and the other Loan Documents to which it is a party (including, without limitation, interest accruing at the then applicable rate provided in this Agreement or any other applicable Loan Document after the maturity of the Loans and interest accruing at the then applicable rate provided in this Agreement or any other applicable Loan Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower,

whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Notes, the other Loan Documents, Swap Agreements entered into with Lenders or their Affiliates or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all Attorney Costs of counsel to the Administrative Agent or to the Lenders that are required to be paid by the Borrower pursuant to the terms of this Agreement or any other Loan Document).

“Participant”: as defined in subsection 11.6(c).

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA and each successor thereto.

“Person”: an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan”: at a particular time, any “employee pension benefit plan,” as such term is defined in Section 3(2) of ERISA and which is subject to Title IV of ERISA and/or Section 412 of the Code, other than a Multiemployer Plan, and in respect of which the Borrower or an ERISA Affiliate is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA or to which the Borrower or an ERISA Affiliate contributes or has an obligation to contribute.

“Prime Rate”: as defined in the definition of “ABR” in this subsection 1.1.

“Receivables”: any accounts receivable of any Person, including, without limitation, any thereof constituting or evidenced by chattel paper, instruments or general intangibles, and all proceeds thereof and rights (contractual and other) and collateral related thereto.

“Receivables Subsidiary”: any special purpose, bankruptcy-remote Subsidiary that purchases Receivables generated by the Borrower or any of its Subsidiaries.

“Receivables Transaction”: any transaction or series of transactions providing for the financing of Receivables of the Borrower or any of its Subsidiaries, involving one or more sales, contributions or other conveyances by the Borrower or any of its Subsidiaries of its/their Receivables to Receivables Subsidiaries which finance the purchase thereof by means of the incurrence of Indebtedness or otherwise. Notwithstanding anything contained in the foregoing to the contrary: (a) no portion of the Indebtedness (contingent or otherwise) with respect to any Receivables Transactions shall (i) be guaranteed by the Borrower or any of its Subsidiaries, (ii) involve recourse to the Borrower or any of its Subsidiaries (other than the relevant Receivables Subsidiary), or (iii) require or involve any credit support or credit enhancement from the Borrower or any of its Subsidiaries (other than the relevant Receivables Subsidiary), provided

that the Borrower and its Subsidiaries will be permitted to agree to representations, warranties, covenants and indemnities that are reasonably customary in accounts receivable securitization transactions of the type contemplated (none of which representations, warranties, covenants or indemnities will result in recourse to the Borrower or any of its Subsidiaries (other than the relevant Receivables Subsidiary) beyond the limited recourse that is reasonably customary in accounts receivable securitization transactions of the type contemplated); and (b) the securitization facility and structure relating to such Receivables Transactions shall be on market terms and conditions customary for Receivables transactions of the type contemplated.

“Refunded Swingline Loans”: as defined in subsection 2.4.

“Refunding Date”: as defined in subsection 2.4.

“Register”: as defined in subsection 11.6(b).

“Reimbursement Obligation”: the obligation of the Borrower to reimburse the Issuing Lender pursuant to subsection 4.5(a) for amounts drawn under Letters of Credit.

“Related Parties”: with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, and agents of such Person or such Person’s Affiliates.

“Reorganization”: with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

“Requirement of Law”: as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer”: with respect to any Person, the chief executive officer and the president of such Person as well as, in the case of the Borrower, the Vice President and General Counsel of the Borrower, and in the case of any Guarantor (if any), a duly elected Vice President of such Guarantor (if any), or, with respect to financial matters, the chief financial officer and the treasurer of such Person.

“Revolving Credit Commitment”: as to any Lender, the obligation of such Lender to make Revolving Credit Loans to the Borrower and to acquire participations in Letters of Credit and Swingline Loans hereunder in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule I under the heading

“Revolving Credit Commitment,” as such amount may be modified from time to time in accordance with the provisions of this Agreement.

“Revolving Credit Commitment Percentage”: as to any Lender at any time, the percentage which such Lender’s Revolving Credit Commitment at such time constitutes of the

Aggregate Revolving Credit Commitments at such time (or, if the Revolving Credit Commitments have terminated or expired, the percentage which (a) the Aggregate Revolving Credit Outstandings of such Lender at such time then constitutes of (b) the Aggregate Revolving Credit Outstandings of all Lenders at such time).

“Revolving Credit Loans”: as defined in subsection 2.1.

“Revolving Credit Note”: as defined in subsection 3.13(d).

“Revolving Lender”: each Lender that has a Revolving Credit Commitment hereunder or that holds Revolving Credit Loans.

“Significant Subsidiary”:

(a) each domestic (i.e., incorporated or organized in the United States or any state or territory thereof; hereinafter, “domestic”) wholly-owned Subsidiary or other entity formed or acquired by the Borrower or any direct or indirect Subsidiary (whether existing at the date hereof, or formed or acquired after the date hereof), if such Subsidiary or entity, after giving effect to the formation/acquisition of the same, has total assets that exceed five percent of the domestic “Consolidated Total Assets,” valued as of the occurrence/closing of such formation/acquisition or as of the last day of any fiscal year thereafter; and

(b) each domestic Subsidiary or entity (whether existing at the date hereof, or formed or acquired after the date hereof) in which the Borrower or any Guarantor (if any) has, directly or indirectly, a 66.67% or greater but less than 100% ownership interest which becomes or is a Subsidiary if such Subsidiary or entity, after giving effect to the formation/acquisition of the same, has total assets that exceed five percent of the domestic “Consolidated Total Assets,” valued as of the occurrence/closing of such formation/acquisition or as of the last day of any fiscal year thereafter.

“Signing Date”: the date on which the Lenders have signed this Agreement.

“Single Employer Plan”: any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

“Sole Bookrunner”: as defined in the preamble hereto.

“Spot Rate”: for a currency means the rate quoted by JPMCB as the spot rate for the purchase by JPMCB of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m., New York time, on the date two Business Days prior to the date on which the foreign exchange transaction is made.

“Subsidiary”: as to any Person (“parent”), a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a

contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a direct or indirect Subsidiary or Subsidiaries of the Borrower.

“Subsidiary Stock”: with respect to any Person, the Equity Interests of any Subsidiary of such Person.

“Swap Agreement”: any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or any of its Subsidiaries shall be a Swap Agreement.

“Swingline Commitment”: the obligation of the Swingline Lender to make Swingline Loans pursuant to subsection 2.3 in an aggregate principal amount at any one time outstanding not to exceed \$15,000,000.

“Swingline Lender”: JPMCB, in its capacity as the lender of Swingline Loans.

“Swingline Loans”: as defined in subsection 2.3.

“Swingline Note”: as defined in subsection 3.13(e).

“Swingline Participation Amount”: as defined in subsection 2.4(c).

“Swiss Francs”: the lawful currency of Switzerland.

“Syndication Agent”: as defined in the preamble hereto.

“Target Operating Day”: any day that is not (a) a Saturday or Sunday, (b) Christmas Day or New Year’s Day or (c) any other day on which the Trans-European Real-time Gross Settlement Operating System (or any successor settlement system) is not operating (as determined in good faith by the Administrative Agent).

“Taxes”: any and all taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed by any jurisdiction or by any political subdivision or taxing authority thereon or therein and all interest penalties or similar liabilities with respect thereto.

“Termination Date”: (a) May 24, 2010, or (b) such earlier date upon which the Aggregate Revolving Credit Commitments may be terminated in accordance with the terms hereof.

“Transferee”: as defined in subsection 11.6(e).

“Type”: as to any Revolving Credit Loan, its nature as an ABR Loan or a LIBOR Loan; as to any Swingline Loan, its nature as an ABR Loan or a Fed Funds Loan.

“Utilization Fee Rate”: 0.10% per annum.

1.2 Other Definitional Provisions

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any Notes or any other Loan Documents delivered pursuant hereto.

(b) As used herein or in any of the other Loan Documents, accounting terms relating to the Borrower and its Subsidiaries not defined in subsection 1.1, and accounting terms partly defined in subsection 1.1, but only to the extent not so defined, shall have the respective meanings given to them under GAAP. If at any time any change in GAAP or in the manner in which the Borrower shall be required or permitted to disclose its financial results in its filings with the Securities and Exchange Commission (i.e., a change which is inconsistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change (subject to the approval of the Majority Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP and as calculated consistent with the manner disclosed by the Borrower in its Annual Report on Form 10-K for the fiscal year ended December 25, 2004 prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.” Each reference to “basis points” or “bps” shall be interpreted in accordance with the convention that 100 bps = 1.0%.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

1.3 Rounding

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.4 References to Agreements and Laws

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

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Revolving Credit Commitments

(a) Subject to the terms and conditions hereof, each Lender severally agrees to make revolving credit loans ("Revolving Credit Loans") in Dollars or in any Available Foreign Currency to the Borrower from time to time during the Commitment Period so long as after giving effect thereto (i) the Available Revolving Credit Commitment of each Lender is greater than or equal to zero, (ii) the Aggregate Revolving Credit Outstandings of all Lenders do not exceed the Aggregate Revolving Credit Commitments and (iii) the Aggregate Multicurrency Outstandings of all Lenders do not exceed the Aggregate Multicurrency Commitments. All Revolving Credit Loans shall be made by the Lenders on a pro-rata basis in accordance with their respective Revolving Credit Commitment Percentages. During the Commitment Period, the Borrower may use the Revolving Credit Commitments by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. Any Lender may cause its Multicurrency Loans to be made by any branch, affiliate or international banking facility of such Lender, provided, that such Lender shall remain responsible for all of its obligations hereunder and no additional taxes, costs or other burdens shall be imposed upon the Borrower or the Administrative Agent as a result thereof.

(b) The Revolving Credit Loans may from time to time be (i) LIBOR Loans, (ii) ABR Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with subsections 2.2 and 3.2, provided that (x) each Multicurrency Loan shall be a LIBOR Loan and (y) no Revolving Credit Loan shall be made as a LIBOR Loan after the day that is one month prior to the Termination Date.

2.2 Procedure for Revolving Credit Borrowing

(a) The Borrower may request a Revolving Credit Loan during the Commitment Period on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice prior to 10:00 A.M., New York City time, (a) three Business Days prior to the requested Borrowing Date, if all or any part of the requested Revolving Credit Loans are to be LIBOR Loans in Dollars, (b) four Business Days prior to the requested Borrowing Date, if all or any part of the requested Revolving Credit Loans are to be LIBOR Loans in Available Foreign Currencies, or (c) on the requested Borrowing Date, with respect to ABR Loans. Each such borrowing request may be given by telephone or by delivery of a written borrowing request. Any such written borrowing request shall be substantially in the form of Exhibit A, duly completed and executed by the Borrower. Any such telephonic borrowing request shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a written borrowing request which shall be substantially in the form of Exhibit A, duly completed and executed by the Borrower.

(b) Each Borrowing request shall specify (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be comprised of LIBOR Loans, ABR Loans or a combination thereof, (iv) if the borrowing is to be entirely or partly comprised of LIBOR Loans, the amount of such LIBOR Loan and the length of the initial Interest Period therefor, and (v) if the borrowing is to be entirely or partly comprised of Multicurrency Loans, the requested Available Foreign Currency and the amount of such borrowing.

(c) Each borrowing under the Revolving Credit Commitments (other than a borrowing under subsection 2.4 and 4.2) shall be in an amount equal to (x) in the case of ABR Loans, \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof (or, if the Aggregate Available Revolving Credit Commitments are less than \$1,000,000, such lesser amount) and (y) in the case of LIBOR Loans, \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Prior to 11:00 A.M. New York City time in the case of LIBOR Loans, and prior to 12:00 Noon New York City time in the case of ABR Loans, on the Borrowing Date requested by the Borrower in accordance with the provisions hereof, each Lender will make an amount equal to its Funding Commitment Percentage of the principal amount of the Revolving Credit Loans requested to be made on such Borrowing Date available to the Administrative Agent for the account of the Borrower at the New York office of the Administrative Agent specified in subsection 11.2 (or such other funding office for the relevant Available Foreign Currency which is specified from time to time by the Administrative Agent by notice to the Borrower and the Lenders) in funds immediately available (in the relevant Available Foreign Currency for Multicurrency Loans), to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

2.3 Swingline Commitment

Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower under the Revolving Credit Commitments from time to time during the Commitment Period by making swingline Loans ("Swingline Loans") in Dollars to the Borrower so long as after giving effect thereto (i) the Aggregate Swingline Outstandings shall not exceed the Swingline Commitment and (ii) the Aggregate Revolving Credit Outstandings of all Lenders shall not exceed the Aggregate Revolving Credit Commitments; provided that a Swingline Loan may not be used to refinance an outstanding Swingline Loan. During the Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. The Borrower shall repay each Swingline Loan within thirty (30) Business Days of the Borrowing Date of such Swingline Loan. All repayments under this Agreement on account of Swingline Loans shall be made in Dollars in immediately available funds to the Swingline Lender for its own account not later than 1:00 p.m. New York City time on the date any such payment is due to the office of JPMCB specified in subsection 11.2.

2.4 Procedure for Swingline Borrowing; Refunding of Swingline Loans

(a) Whenever the Borrower desires that the Swingline Lender make a Swingline Loan, it shall give the Swingline Lender irrevocable telephonic notice, which telephonic notice must be received by the Swingline Lender not later than 1:00 P.M., New York City time, on the proposed Borrowing Date, specifying (i) the amount to be borrowed, (ii) whether the borrowing is to be comprised of Fed Funds Loans or ABR Loans and (iii) the requested Borrowing Date (which shall be a Business Day during the Commitment Period). Each such telephonic borrowing request shall be confirmed promptly by hand delivery or telecopy to the Swingline Lender of a written borrowing request which shall be substantially in the form of Exhibit B, duly completed and executed by the Borrower. Each borrowing under the Swingline Commitment shall be in an amount equal to \$500,000 or a whole multiple of \$100,000 in excess thereof. Not later than 3:00 P.M., New York City time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Administrative Agent for the account of the Borrower at the New York office of the Administrative Agent specified in subsection 11.2 an amount in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative Agent shall make the proceeds of such Swingline Loan available to the Borrower on such Borrowing Date by depositing such proceeds in the account of the Borrower with the Administrative Agent on such Borrowing Date in immediately available funds. The Administrative Agent shall give the other Lenders prompt notice of each extension by the Swingline Lender of a Swingline Loan.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Day's notice given by the Swingline Lender to the Lenders (with a copy to the Borrower) no later than 12:00 Noon, New York City time, request each Lender (including the Swingline Lender in its capacity as a Lender having a Revolving Credit Commitment) to make, and each Lender hereby agrees to make, an ABR Loan, in an amount equal to such Lender's Revolving Credit Commitment Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Lender shall make the amount of such ABR

Loan available to the Administrative Agent at the New York office of the Administrative Agent specified in subsection 11.2 in immediately available funds, not later than 10:00 A.M., New York City time, one Business Day after the date of such notice. The proceeds of such ABR Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Lenders are not sufficient to repay in full such Refunded Swingline Loans if such deficiency is not otherwise reimbursed by the Borrower on the Business Day following a written request for such reimbursement to the Borrower by the Swingline Lender (without prejudice to any rights Borrower may have against any such Lender which did not provide its pro rata portion to repay in full such Refunded Swingline Loans). If such amount is not in fact made available to the Administrative Agent by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender together with accrued interest thereon for each day from the date such amount is required to be paid, at the Federal Funds Effective Rate. If such Lender does not pay such amount as provided above, and until such time as such Lender makes the required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of such unpaid participation obligation for all purposes of the Loan Documents other than those provisions requiring the other Lenders to purchase a participation therein, and all amounts paid or payable by the Borrower on account of Swingline Loans which would otherwise comprise such Lender's Swingline Participation Amount (had such Lender purchased and funded its participation therein) shall continue to be for the sole account of the Swingline Lender. Further, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Revolving Credit Loans, amounts due with respect to any Letters of Credit (or its participation interests therein) and any other amounts due to it hereunder to the Swingline Lender to fund ABR Loans in the amount of the participation in Swingline Loans that such Lender failed to purchase and fund pursuant to this subsection 2.4(b), until such amount has been purchased and funded.

(c) If, prior to the time an ABR Loan would have otherwise been made pursuant to subsection 2.4(b), one of the events described in subsections 9(f) or (g) shall have occurred and be continuing with respect to the Borrower or if for any other reason, as determined by the Swingline Lender in its sole discretion, ABR Loans may not be made as contemplated by subsection 2.4(b), each Lender shall, on the date such ABR Loan was to have been made pursuant to the notice referred to in subsection 2.4(b) (the "Refunding Date"), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to (i) such Lender's Revolving Credit Commitment Percentage times (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such ABR Loans, and upon the purchase of any such participating interest the then outstanding Swingline Loans shall bear interest at the rate then applicable to ABR Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender

its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, however, that in the event that such payment received by the Swingline Lender is required to be returned, such Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Lender's obligation to make the Loans referred to in subsection 2.4(b) and to purchase participating interests pursuant to subsection 2.4(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 6; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower or any other Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.5 Fees

(a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee for the period from and including the Fee Commencement Date to the Termination Date, computed at the Facility Fee Rate on the average daily amount of the Revolving Credit Commitment of such Lender (regardless of usage) during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date, commencing on the first of such dates to occur after the date hereof.

(b) Utilization Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a utilization fee for each Excess Utilization Day during the period from and including the Fee Commencement Date to the Termination Date, computed at the Utilization Fee Rate on the average daily amount of the Aggregate Revolving Credit Outstandings of such Lender for each Excess Utilization Day during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date, commencing on the first of such dates to occur after the date hereof.

(c) Arrangement and Agency Fees. The Borrower shall pay an arrangement fee to the Sole Lead Arranger for the Sole Lead Arranger's own account, and shall pay an agency fee to the Administrative Agent for the Administrative Agent's own account, in the amounts and at the times specified in the letter agreement, dated April 19, 2005 (the "Administrative Agent/Sole Lead Arranger Fee Letter"), between the Borrower, the Sole Lead Arranger and the Administrative Agent. Such fees shall be fully earned when paid and shall be nonrefundable for any reason whatsoever.

2.6 Termination or Reduction of Commitments

The Borrower shall have the right, upon not less than five Business Days' notice to the Administrative Agent, to terminate the Aggregate Revolving Credit Commitments or, from time to time, to reduce the amount of the Aggregate Revolving Credit Commitments; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, either (a) the Aggregate Available Revolving Credit Commitments would not be greater than or equal to zero or (b) the Available Revolving Credit Commitments of any Lender would not be greater than or equal to zero. Any such reduction shall be in an amount equal to \$5,000,000 or if greater, a whole multiple of \$1,000,000 in excess thereof, and shall reduce permanently the Aggregate Revolving Credit Commitments then in effect. The Administrative Agent shall give each Lender prompt notice of any notice received from the Borrower pursuant to this subsection 2.6. Simultaneously with any such reduction, a pro-rata reduction in the Aggregate Multicurrency Commitments and the Swingline Commitment shall be deemed to have occurred.

2.7 Increase in Commitments

(a) The Borrower may at any time propose that the Aggregate Revolving Credit Commitments hereunder be increased (each such proposed increase being a "Commitment Increase"), by notice to the Administrative Agent specifying the existing Lender(s) (the "Increasing Lender(s)") and/or the additional lenders (the "Assuming Lender(s)") that will be providing the additional Commitment(s) and the date on which such increase is to be effective (the "Commitment Increase Date"), which shall be a Business Day at least three Business Days after delivery of such notice and prior to the Termination Date; provided that:

(i) the minimum aggregate amount of each proposed Commitment Increase shall be (A) \$10,000,000 in the case of an Assuming Lender and (B) \$2,500,000 in the case of an Increasing Lender;

(ii) immediately after giving effect to such Commitment Increase, the Aggregate Revolving Credit Commitments hereunder shall not exceed \$400,000,000;

(iii) no Event of Default shall have occurred and be continuing on such Commitment Increase Date or shall result from the proposed Commitment Increase; and

(iv) the representations and warranties contained in Section 5 and in the other Loan Documents shall be true correct in all material respects on and as of the Commitment Increase Date as if made on and as of such date (or, if any such representation and warranty is expressly stated to have been made as of a specific date, as of such specific date).

(b) Any Assuming Lender shall become a Lender hereunder as of such Commitment Increase Date and the Commitment of any Increasing Lender and any such Assuming Lender shall be increased as of such Commitment Increase Date; provided that:

(i) the Administrative Agent shall have received on or prior to 9:00 a.m., New York City time, on such Commitment Increase Date a certificate of a duly authorized officer of the Borrower stating that each of the applicable conditions to such Commitment Increase set forth in clause (a) of this subsection has been satisfied;

(ii) with respect to each Assuming Lender, the Administrative Agent shall have received, on or prior to 9:00 a.m., New York City time, on such Commitment Increase Date, an assumption agreement in substantially the form of Exhibit C (an “Assumption Agreement”) duly executed by such Assuming Lender and the Borrower and acknowledged by the Administrative Agent; and

(iii) each Increasing Lender shall have delivered to the Administrative Agent, on or prior to 9:00 a.m., New York City time, on such Commitment Increase Date, confirmation in writing satisfactory to the Administrative Agent as to its increased Commitment, with a copy of such confirmation to the Borrower.

(c) Upon its receipt of confirmation from a Lender that it is increasing its Commitment hereunder, together with the certificate referred to in clause (b) (i) above, the Administrative Agent shall (A) record the information contained therein in the Register and (B) give prompt notice thereof to the Borrower; provided that absent such Lender’s confirmation of such a Commitment Increase as aforesaid, such Lender will be under no obligation to increase its Commitment hereunder. Upon its receipt of an Assumption Agreement executed by an Assuming Lender, together with the certificate referred to in clause (b) (i) above, the Administrative Agent shall, if such Assumption Agreement has been completed and is in substantially the form of Exhibit C, (x) accept such Assumption Agreement, (y) record the information contained therein in the Register and (z) give prompt notice thereof to the Borrower.

(d) In the event that the Administrative Agent shall have received notice from the Borrower as to any agreement with respect to a Commitment Increase on or prior to the relevant Commitment Increase Date and the actions provided for in clause (b) above shall have occurred by 9:00 a.m., New York City time, on such Commitment Increase Date, the Administrative Agent shall notify the Lenders (including any Assuming Lenders) of the occurrence of such Commitment Increase promptly on such date by facsimile transmission or electronic messaging system. On the date of such Commitment Increase, the Borrower shall (i) prepay the outstanding Revolving Credit Loans (if any) in full, (ii) simultaneously borrow new Revolving Credit Loans hereunder in an amount equal to such prepayment, so that, after giving effect thereto, the Revolving Credit Loans are held ratably by the Lenders in accordance with the respective Revolving Credit Commitments of such Lenders (after giving effect to such Commitment Increase) and (iii) pay to the Lenders the amounts, if any, payable under subsection 3.11.

2.8 Repayment of Revolving Credit Loans

The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender (except as may be otherwise provided in subsection 2.4) the then unpaid principal amount of each Revolving Credit Loan of such Lender on the

Termination Date (or such earlier date on which the Revolving Credit Loans become due and payable pursuant to Section 9 or otherwise). The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Revolving Credit Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 3.4.

SECTION 3. CERTAIN PROVISIONS
APPLICABLE TO THE LOANS

3.1 Optional and Mandatory Prepayments

(a) The Borrower may at any time and from time to time prepay outstanding Revolving Credit Loans or Swingline Loans, in whole or in part, without premium or penalty (other than any amounts payable pursuant to subsection 3.11 if such prepayment is of LIBOR Loans and is made on a day other than the last day of the Interest Period with respect thereto), (i) upon at least four Business Days' irrevocable notice to the Administrative Agent in the case of Revolving Credit Loans and (ii) in the case of Swingline Loans, irrevocable notice to the Administrative Agent by not later than 3:00 P.M., New York City time, on the Business Day immediately preceding the date of prepayment, in each case ((i) and (ii) above) specifying the date and amount of prepayment and whether the prepayment is of LIBOR Loans, ABR Loans, a combination thereof, if of a combination thereof, the amount allocable to each, or of Swingline Loans. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable by the Borrower on the date specified therein. Partial prepayments of Multicurrency Loans shall be in an aggregate principal amount the Dollar Equivalent of which is at least \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof. Partial prepayments of Revolving Credit Loans denominated in Dollars shall be in an aggregate principal amount of at least \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof. Partial prepayments of Swingline Loans shall be in an aggregate principal amount which is at least \$100,000 or an integral multiple of \$100,000 in excess thereof.

(b) (i) If, at any time during the Commitment Period, for any reason the Aggregate Revolving Credit Outstandings of all Lenders exceed the Aggregate Revolving Credit Commitments then in effect, the Borrower shall, without notice or demand, immediately prepay the Loans in an amount that equals or exceeds the amount of such excess (or, in the case of L/C Obligations after all Loans have been prepaid, cash collateralize such L/C Obligations in accordance with the provisions of subsection 4.8).

(ii) If, at any time during the Commitment Period, for any reason either (A) the Aggregate Multicurrency Outstandings exceed 105% of the Aggregate Multicurrency Commitments, (B) the Aggregate Swingline Outstandings exceeds the Aggregate Swingline Commitment or (C) the L/C Obligations exceed the L/C Commitment, the Borrower shall, without notice or demand, immediately prepay the Multicurrency Loans and/or the Swingline Loans and/or cash collateralize the L/C Obligations in accordance with the provisions of subsection 4.8, as the case may be, in amounts such that any such excess is eliminated.

(iii) Each prepayment of Loans pursuant to this subsection 3.1(b) shall be accompanied by any amounts payable under subsection 3.11 in connection with such prepayment.

3.2 Conversion and Continuation Options

(a) The Borrower may elect from time to time to convert LIBOR Loans to ABR Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election. The Borrower may elect from time to time to convert ABR Loans to LIBOR Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election in the case of LIBOR Loans in Dollars and at least four Business Days' prior irrevocable notice of such election in the case of LIBOR Loans in Available Foreign Currencies. Any such notice of conversion to LIBOR Loans shall specify the length of the initial Interest Period therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding LIBOR Loans and ABR Loans may be converted as provided herein, provided that (i) no Multicurrency Loan may be converted to an ABR Loan, (ii) no Loan may be converted into a LIBOR Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Lenders have determined that such a conversion is not appropriate and (iii) no Loan may be converted into a LIBOR Loan after the date that is one month prior to the Termination Date.

(b) Any LIBOR Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in subsection 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no LIBOR Loan may, except as provided in the following proviso, be continued as such (A) when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Lenders have determined that such a continuation is not appropriate or (B) after the date that is one month prior to the Termination Date, and provided, further, that if the Borrower shall fail to give such notice or if such continuation is not permitted, (x) with respect to any such Loans which are Multicurrency Loans, the Borrower shall be deemed to have specified an Interest Period of one month and (y) all such other Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any notice pursuant to this subsection 3.2(b), the Administrative Agent shall promptly notify each Lender thereof.

3.3 Maximum Number of Tranches

Notwithstanding anything contained herein to the contrary, after giving effect to any Borrowing, unless consented to by the Administrative Agent in its sole discretion, (a) there shall not be more than twelve different Interest Periods in effect in respect of all Revolving Credit Loans at any one time outstanding, and (b) there shall not be more than eight different Multicurrency Loans in respect of all Revolving Credit Loans at any one time outstanding.

3.4 Interest Rates and Payment Dates

(a) Each LIBOR Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Adjusted LIBO Rate determined for such Interest Period plus the Applicable Margin in effect for such day.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR.

(c) Each Multicurrency Loan shall be a LIBOR Loan.

(d) Each Swingline Loan shall bear interest, at the election of the Borrower, at a rate per annum (rounded upwards, if necessary, to the next 1/100 of one percent) equal to (a) the ABR or (b) the sum of the Federal Funds Effective Rate in effect on each applicable day plus the Applicable Margin.

(e) If all or a portion of (i) any principal of any Loan, (ii) any interest payable thereon, (iii) any facility fee or (iv) any other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), the principal of the Loans and any such overdue interest, facility fee or other amount shall bear interest at a rate per annum which is (x) in the case of principal, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this subsection plus 2% or (y) in the case of any such overdue interest, facility fee or other amount, the rate described in paragraph (b) of this subsection plus 2%, in each case from the date of such non-payment until such overdue principal, interest, facility fee or other amount is paid in full (as well after as before judgment).

(f) Interest pursuant to this subsection shall be payable in arrears on each Interest Payment Date provided that interest accruing pursuant to paragraph (e) of this subsection shall be payable from time to time on demand.

3.5 Computation of Interest and Fees

(a) Whenever (i) interest is calculated on the basis of the Prime Rate or (ii) Multicurrency Loans are denominated in British Pounds Sterling, interest shall be calculated on the basis of a 365 (or 366, as the case may be) day year for the actual days elapsed; and, otherwise, interest and fees shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of an Adjusted LIBO Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements, shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to subsection 3.4(a), (b) or (c).

3.6 Inability to Determine Interest Rate

If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Majority Lenders that the Adjusted LIBO Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as given in good faith and conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period, the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given, (w) any LIBOR Loans (excluding Multicurrency Loans) requested to be made on the first day of such Interest Period shall be made as ABR Loans, provided, that, notwithstanding the provisions of subsection 2.2, the Borrower may cancel the request for such LIBOR Loan (including Multicurrency Loans) by written notice to the Administrative Agent one Business Day prior to the first day of such Interest Period and the Borrower shall not be subject to any liability pursuant to subsection 3.11 with respect to such cancelled request, (x) any Loans that were to have been converted on the first day of such Interest Period to LIBOR Loans (excluding Multicurrency Loans) shall be continued as ABR Loans, and (y) any outstanding LIBOR Loans (excluding Multicurrency Loans) shall be converted, on the first day of such Interest Period, to ABR Loans, and (z) any Multicurrency Loans to which such Interest Period relates shall be repaid on the first day of such Interest Period. Until such notice has been withdrawn by the Administrative Agent, no further LIBOR Loans shall be made or continued as such, nor shall the Borrower have the right to convert ABR Loans to LIBOR Loans.

3.7 Pro Rata Treatment and Payments

(a) Except to the extent provided elsewhere in this Agreement to the contrary, each payment of principal or interest in respect of the Loans shall be made pro rata according to the amounts then due and owing to the respective Lenders.

(b) Each Borrowing by the Borrower of Revolving Credit Loans from the Lenders hereunder shall be made pro rata according to the Funding Commitment Percentages of the Lenders in effect on the date of such Borrowing. Each payment by the Borrower on account of any facility fee hereunder and any reduction of the Revolving Credit Commitments of the Lenders shall be allocated by the Administrative Agent among the Lenders pro rata according to the Revolving Credit Commitment Percentages of the Lenders. Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Credit Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Credit Loans then due and owing to the Lenders. All payments (including prepayments) to be made by the Borrower hereunder in respect of amounts denominated in Dollars, whether on account of principal, interest, fees or otherwise, shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative

Agent's office specified in subsection 11.2, in Dollars and in immediately available funds. All payments (including prepayments) to be made by the Borrower hereunder with respect to principal and interest on Multicurrency Loans shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof, to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in subsection 11.2, in the Available Foreign Currency with respect to which such Multicurrency Loan is denominated and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the LIBOR Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a LIBOR Loan becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day (and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension) unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(c) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to (i) the daily average of the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rates on interbank compensation (in the case of a borrowing of Revolving Credit Loans denominated in Dollars) and (ii) the greater of (A) the daily average of the greater of (1) the Federal Funds Effective Rate and (2) a rate determined by the Administrative Agent in accordance with banking industry rates on interbank compensation or (B) the Administrative Agent's reasonable estimate of its average daily cost of funds (in the case of a borrowing of Multicurrency Loans), in each case for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon equal to (x) the rate per annum applicable to ABR Loans hereunder (in the case of a borrowing of Revolving Credit Loans denominated in Dollars) and (y) the greater of (1) the rate per annum applicable to ABR Loans hereunder or (2) the Administrative Agent's reasonable estimate of its average daily cost of funds plus the Applicable Margin applicable to Multicurrency Loans (in the case of a borrowing of Multicurrency Loans), on demand, from the Borrower (without prejudice to any rights Borrower may have against any such Lender).

3.8 Illegality

Notwithstanding any other provision herein, if any Lender determines that the adoption of or any change in any Requirement of Law or any change in the interpretation or application thereof after the date hereof shall make it unlawful for such Lender to make or maintain LIBOR Loans or Multicurrency Loans as contemplated by this Agreement, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (a) the commitment of such Lender hereunder to make LIBOR Loans or Multicurrency Loans, continue LIBOR Loans or Multicurrency Loans as such and convert ABR Loans to LIBOR Loans shall forthwith be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exists (which notification shall be promptly given to Borrower after the Administrative Agent receives actual knowledge thereof), (b) such Lender's Loans then outstanding as LIBOR Loans (excluding Multicurrency Loans), if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law and (c) such Lender's Multicurrency Loans shall be prepaid on the last day of the then current Interest Period with respect thereto or within such earlier period as required by law. If any such conversion or prepayment of a LIBOR Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to subsection 3.11.

3.9 Requirements of Law

(a) If the adoption of or any change in any Requirement of Law or any change in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Note, any Letter of Credit, any Application, any LIBOR Loan, or any Multicurrency Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by subsection 3.10 and changes in the rate of tax on the overall net income or franchise taxes (in lieu of net income taxes) of such Lender imposed by the jurisdiction where such Lender's principal or lending office is located);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Adjusted LIBO Rate; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining LIBOR

Loans or Multicurrency Loans, or issuing or participating in Letters of Credit or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduced amount receivable.

(b) If any Lender shall have determined that after the date hereof the adoption of or any change in any Requirement of Law regarding capital adequacy or any change in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, the Borrower shall promptly pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) If any Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled; provided that if such Lender fails to notify the Borrower that such Lender intends to claim any such reimbursement or compensation within 120 days after such Lender has knowledge of its claim therefor, the Borrower shall not be obligated to compensate such Lender for the amount of such Lender's claim accruing prior to the date which is 120 days before the date on which such Lender first notifies the Borrower that it intends to make such claim; it being understood that the calculation of the actual amounts may not be practicable within such period and such Lender may provide such calculation as soon as reasonably practicable thereafter without affecting or limiting the Borrower's payment obligations hereunder. A certificate as to any additional amounts payable pursuant to this subsection submitted by such Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The agreements in this subsection shall survive the termination of this Agreement and each other Loan Document and the payment of the Loans and all other amounts payable hereunder and thereunder.

3.10 Taxes

(a) All payments made by the Borrower under any Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment

under, or enforced, any Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings (“Non-Excluded Taxes”) are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder or under any other Loan Document, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in such Loan Document, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the United States of America or a state thereof if such Lender fails to comply with the requirements of paragraph (b) of this subsection. Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this subsection shall survive the termination of this Agreement and each other Loan Document and the payment of the Loans and all other amounts payable hereunder and thereunder.

(b) Each Lender (or Transferee) that is not a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America (or any jurisdiction thereof), or any estate or trust that is subject to federal income taxation regardless of the source of its income (a “Non-U.S. Lender”) shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest” a statement substantially in the form of Exhibit D and a Form W-8BEN, or any subsequent versions thereof or successors thereto properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to any Loan Document (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(c) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty

to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(d) If any Lender or the Administrative Agent receives a refund or credit in respect of any amounts paid by the Borrower pursuant to this section 3.10, which refund or credit in the sole good faith judgment of such Lender or Administrative Agent is allocable to such payment, it shall notify the Borrower of such refund or credit and shall, within 20 days after receipt, repay such refund or credit to the Borrower net of all out-of-pocket expenses of such Lender or the Administrative Agent; provided, however, that the Borrower, upon the request of such Lender or the Administrative Agent, agrees to repay the amount paid over to the Borrower to such Lender or the Administrative Agent in the event such Lender or the Administrative Agent is required to repay such refund or credit.

3.11 Break Funding Payments

The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur, including, to the extent any of the Loans are denominated in any Available Foreign Currency, the losses and expenses of such Lender attributable to the premature unwinding of any Hedging Agreement entered into by such Lender in respect of the foreign currency exposure attributable to such Loan, as a consequence of (a) default by the Borrower in making a conversion into or continuation of LIBOR Loans, after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or any other Loan Document, or (c) the making of a prepayment of LIBOR Loans, or the conversion of LIBOR Loans to ABR Loans, on a day which is not the last day of an Interest Period with respect thereto or (d) any assignment as a result of a request by the Borrower pursuant to subsection 3.12 of any LIBOR Loan. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid or converted, or not so borrowed, prepaid, converted or continued, for the period from the date of such prepayment or conversion or of such failure to borrow, prepay, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) at the applicable rate of interest for such Loans provided for herein over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. This covenant shall survive the termination of this Agreement and each other Loan Document and the payment of the Loans and all other amounts payable hereunder and thereunder. A certificate as to any additional amounts payable pursuant to this subsection submitted by such Lender to the

Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error.

3.12 Change of Lending Office; Removal of Lender

Each Lender agrees that if it makes any demand for payment under subsection 3.9 or 3.10(a), or if any adoption or change of the type described in subsection 3.8 shall occur with respect to it, (i) it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under subsection 3.9 or 3.10(a), or would eliminate or reduce the effect of any adoption or change described in subsection 3.8 or (ii) it will, upon at least five Business Days' notice from the Borrower to such Lender and the Administrative Agent, assign, pursuant to and in accordance with the provisions of subsection 11.6, to one or more Assignees designated by the Borrower all, but not less than all, of such Lender's rights and obligations hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of each Revolving Credit Loan then owing to such Lender plus any accrued but unpaid interest thereon and any accrued but unpaid facility fees and utilization fees owing thereto and, in addition, all additional costs and reimbursements, expense reimbursements and indemnities, if any, owing in respect of such Lender's Commitment hereunder at such time (including any amount that would be payable under subsection 3.11 if such assignment were, instead, a prepayment in full of all amounts owing to such Lender and also including all amounts then payable to such Lender pursuant to subsections 3.9 and/or 3.10) shall be paid to such Lender.

3.13 Evidence of Debt

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(b) The Administrative Agent shall maintain the Register pursuant to subsection 11.6(b), and a subaccount therein for each Lender, in which shall be recorded (i) in the case of Revolving Credit Loans and Swingline Loans, the amount of each Revolving Credit Loan or Swingline Loan made hereunder, the Type thereof and each Interest Period applicable thereto, (ii) in the case of Multicurrency Loans, the amount and currency of each Multicurrency Loans and each Interest Period applicable thereto, (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) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries made in the Register and the accounts of each Lender maintained pursuant to subsection 3.13(a) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the

Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to such Borrower by such Lender in accordance with the terms of this Agreement.

(d) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a promissory note of the Borrower evidencing the Revolving Credit Loans of such Lender, substantially in the form of Exhibit E with appropriate insertions as to date and principal amount (a “Revolving Credit Note”).

(e) The Borrower agrees that, upon the request of the Swingline Lender, the Borrower will execute and deliver to such Lender a promissory note of the Borrower evidencing the Swingline Loans of such Lender, substantially in the form of Exhibit F with appropriate insertions (a “Swingline Note”).

SECTION 4. LETTERS OF CREDIT

4.1 L/C Commitment

(a) Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the other Lenders set forth in subsection 4.4(a), agrees to issue standby letters of credit (“Letters of Credit”) for the account of the Borrower on any Business Day during the Commitment Period in such form as may be approved from time to time by the Issuing Lender; provided that the Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Commitment or (ii) the Aggregate Revolving Credit Outstandings would exceed the Aggregate Revolving Credit Commitments. Each Letter of Credit shall (i) be denominated in Dollars and (ii) expire no later than the date that is one Business Day prior to the Termination Date. The Existing Letters of Credit will be deemed Letters of Credit issued on the Closing Date for all purposes hereunder.

(b) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause the Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

4.2 Procedure for Issuance of Letter of Credit

The Borrower may from time to time request that the Issuing Lender issue a Letter of Credit by delivering to the Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may reasonably request. Upon receipt of any Application, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures, provided that if the Borrower furnishes to the Issuing Lender all of the foregoing documentation by no later than 12:00 P.M. on the day which is at least two Business Days prior to the proposed date of issuance, such issuance shall occur by no later than 5:00 P.M. on the proposed date of issuance. The Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof

and shall deliver the original thereof in accordance with the relevant Application. The Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

4.3 Fees and Other Charges

(a) The Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin in effect from time to time with respect to LIBOR Loans, shared ratably among the Revolving Lenders and payable quarterly in arrears on each L/C Fee Payment Date after the issuance date (it being understood that with respect to the Existing Letters of Credit, the issuance date shall be deemed to be the Closing Date). In addition, the Borrower shall pay to the Issuing Lender for its own account a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each Letter of Credit, payable quarterly in arrears on each L/C Fee Payment Date after the issuance date (it being understood that with respect to the Existing Letters of Credit, the issuance date shall be deemed to be the Closing Date).

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse the Issuing Lender for such normal and customary costs and expenses as are incurred or charged by the Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

4.4 L/C Participations

(a) The Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Lender to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Credit Commitment Percentage in the Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by the Issuing Lender thereunder. Each L/C Participant unconditionally and irrevocably agrees with the Issuing Lender that, if a draft is paid under any Letter of Credit for which the Issuing Lender is not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such L/C Participant shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Revolving Credit Commitment Percentage of the amount of such draft, or any part thereof, that is not so reimbursed; provided, however, that subject to subsection 4.4(b) hereof, notwithstanding anything in this Agreement to the contrary, in respect of each drawing under any Letter of Credit, the maximum amount that shall be payable by any L/C Participant, whether as a Revolving Credit Loan pursuant to subsection 4.5 and/or as a participation pursuant to this subsection 4.4(a), shall not exceed such L/C Participant's Revolving Credit Commitment Percentage of the amount of such draft, or any part thereof, that is not so reimbursed by the Borrower.

(b) If any amount required to be paid by any L/C Participant to the Issuing Lender pursuant to subsection 4.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Lender under any Letter of Credit is not paid to the Issuing Lender on the date such

payment is due, but is paid to the Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average of the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rates on interbank compensation during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to subsection 4.4(a) is not made available to the Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, the Issuing Lender shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans. A certificate of the Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error. Notwithstanding anything contained herein to the contrary, until a L/C Participant funds any amount required to be paid by such L/C Participant to the Issuing Lender pursuant to subsection 4.4(a), interest allocable to or in respect of such amount shall be solely for the account of the Issuing Lender.

(c) Whenever, at any time after the Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with subsection 4.4(a), the Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by the Issuing Lender), or any payment of interest on account thereof, the Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Lender shall be required to be returned by the Issuing Lender, such L/C Participant shall return to the Issuing Lender the portion thereof previously distributed by the Issuing Lender to it.

4.5 Reimbursement Obligation of the Borrower

The Borrower agrees to reimburse the Issuing Lender on the Business Day next succeeding the Business Day on which the Issuing Lender notifies the Borrower of the date and amount of a draft presented under any Letter of Credit and paid by the Issuing Lender for the amount of (a) such draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by the Issuing Lender in connection with such payment. Each such payment shall be made to the Issuing Lender in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (i) until the Business Day next succeeding the date of the relevant notice, subsection 3.4(b) and (ii) thereafter, subsection 3.4(d). Each drawing under any Letter of Credit shall (unless an event of the type described in subsection 9(c), or (h) shall have occurred and be continuing with respect to the Borrower, in which case the procedures specified in subsection 4.4 for funding by L/C Participants shall apply) constitute a request by the Borrower to the Administrative Agent for a borrowing pursuant to subsection 2.2 of ABR Loans in the amount of such drawing (and the minimum borrowing amount in such subsection shall not apply to such borrowing). The Borrowing Date with respect to such borrowing shall be the first date

on which a borrowing of Revolving Credit Loans could be made, pursuant to subsection 2.2, if the Administrative Agent had received a notice of such borrowing at the time the Administrative Agent receives notice from the relevant Issuing Lender of such drawing under such Letter of Credit.

4.6 Obligations Absolute

The Borrower's obligations under this Section 4 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against the Issuing Lender, any L/C Participant, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with the Issuing Lender and the L/C Participants that the Issuing Lender and the L/C Participants shall not be responsible for, and the Borrower's Reimbursement Obligations under subsection 4.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Issuing Lender and the L/C Participants shall not be liable for, and the Borrower's Reimbursement Obligations under subsection 4.5 shall not be affected by, any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Issuing Lender. The Borrower agrees that any action taken or omitted by the Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of the Issuing Lender or any L/C Participant to the Borrower.

4.7 Letter of Credit Payments

If any draft shall be presented for payment under any Letter of Credit, the Issuing Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

4.8 Cash Collateralization

If an Event of Default shall occur and be continuing and the Borrower receives notice from the Administrative Agent or the Majority Lenders demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall immediately deposit into an account established and maintained on the books and records of the Administrative Agent, which account

may be a "securities account" (within the meaning of Section 8-501 of the Uniform Commercial Code as in effect in the State of New York), in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the L/C Obligations as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in paragraph (e) or (i) of Section 9. Such deposit shall be held by the Administrative Agent as collateral for the L/C Obligations under this Agreement, and for this purpose the Borrower hereby grants a security interest to the Administrative Agent for the benefit of the Lenders in such collateral account and in any financial assets (as defined in the Uniform Commercial Code as in effect in the State of New York) or other property held therein. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Lender for L/C Obligations for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower in respect of the other L/C Obligations at such time or, if the maturity of the Loans has been accelerated but subject to the consent of the Issuing Lender, be applied to satisfy other Obligations; provided, however, that the Borrower shall be entitled to all deposits in such account at such time as no Event of Default shall then exist.

4.9 Letter of Credit Rules

Unless otherwise expressly agreed by the Issuing Lender and the Borrower, when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to such Letter of Credit.

SECTION 5. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

5.1 Financial Condition

(a) The consolidated and consolidating balance sheets of the Borrower and its consolidated Subsidiaries as at December 25, 2004 and December 27, 2003, respectively, and the related consolidated and consolidating statements of operations and of cash flows for the fiscal years ended on such dates, reported on by BDO Seidman, LLP, copies of which have heretofore been furnished to each Lender, present fairly, in all material respects, the consolidated and consolidating financial condition of the Borrower and its consolidated Subsidiaries as at such

dates, and the consolidated and consolidating results of their operations and of their cash flows for the fiscal years then ended. All such financial statements, including the related schedules and notes thereto, were, as of the date prepared, prepared in accordance with GAAP applied consistently throughout the periods involved (except as otherwise expressly noted therein, and show all material Indebtedness and other liabilities, direct or contingent, of the Borrower and each of its Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and Indebtedness. Neither the Borrower nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheets referred to above, any material Guarantee Obligation, material contingent liability or material liability for taxes, or any material long-term lease or material forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto.

(b) As of the date hereof, there are no material liabilities or obligations of the Borrower or any of its Subsidiaries, whether direct or indirect, absolute or contingent, or matured or unmatured, other than (i) as disclosed or provided for in the financial statements and notes thereto which are referred to above, or (ii) which are disclosed elsewhere in this Agreement or in the Schedules hereto, or (iii) arising in the ordinary course of business since December 25, 2004 or (iv) created by this Agreement. As of the date hereof, the written information, exhibits and reports furnished by the Borrower to the Lenders in connection with the negotiation of this Agreement, taken as a whole, are complete and correct in all material respects.

5.2 No Material Adverse Change

Since December 25, 2004, there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

5.3 Organization; Powers

Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite corporate or other applicable power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other applicable entity and in good standing (or equivalent status) under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law (provided that no representation or warranty is made in this subsection 5.3(d) with respect to Requirements of Law referred to in subsections 5.8, 5.10, 5.14 or 5.15), except to the extent that the failure of the foregoing clauses (a) (only with respect to Subsidiaries of the Borrower which are not Guarantors), (c) and (d) to be true and correct could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.4 Authorization; Enforceability

Each of the Borrower and its Subsidiaries has the requisite corporate or other applicable power and authority, and the legal right, to make, deliver and perform the Loan

Documents to which it is a party, if any, and, in the case of the Borrower, to borrow hereunder and has taken all necessary corporate action to authorize (in the case of the Borrower) the borrowings on the terms and conditions of this Agreement, any Notes and any Applications and to authorize the execution, delivery and performance of the Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required with respect to the Borrower or any of its Subsidiaries in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents to which the Borrower or any Guarantor (if any) is a party. This Agreement and each other Loan Document to which the Borrower or any Guarantor (if any) is, or is to become, a party has been or will be, duly executed and delivered on behalf of the Borrower or such Guarantor (if any). This Agreement and each other Loan Document to which the Borrower or any Guarantor (if any) is, or is to become, a party constitutes or will constitute, a legal, valid and binding obligation of the Borrower or such Guarantor (if any), as the case may be, enforceable against the Borrower or such Guarantor (if any), as the case may be, in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

5.5 Governmental Approvals; No Conflicts

The execution, delivery and performance of the Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of the Borrower or of any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation which could reasonably be expected to have a Material Adverse Effect

5.6 No Material Litigation

No litigations, investigations or proceedings of or before any arbitrator or Governmental Authority are pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of its or their respective properties (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) as to which (i) there is a reasonable likelihood of an adverse determination and (ii) that, if adversely determined, would, individually or in the aggregate, have a Material Adverse Effect.

5.7 Compliance with Laws and Agreements

Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all Contractual Obligations binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

5.8 Taxes

Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Federal, state and other material Tax returns and reports required to have been filed and has paid or caused to be paid all such Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

5.9 Purpose of Loans

The purpose of the Loans is to finance the working capital and general corporate needs of the Borrower and its Subsidiaries, including, but not limited to, acquisitions.

5.10 Environmental Matters

(a) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability or has actual knowledge of a potential claim that is reasonably likely to result in Environmental Liability to the Borrower or any of its Subsidiaries or (iii) has received written notice of any claim with respect to any Environmental Liability.

(b) Since the date of this Agreement, with respect to any Environmental Liability, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

5.11 Disclosure

The statements and information contained herein and in any of the information provided to the Administrative Agent or the Lenders in writing (other than financial projections) in connection with or pursuant to this Agreement, taken as a whole, do not contain any untrue statement of any material fact, or omit to state a fact necessary in order to make such statements or information not misleading in any material respect, in each case in light of the circumstances under which such statements were made or information provided as of the date so provided. The financial projections contained in the April 2005 Confidential Information Memorandum,

furnished to the Administrative Agent and the Lenders in writing in connection with this Agreement, have been prepared in good faith based upon assumptions which were in the Borrower's judgment reasonable when such projections were made, it being acknowledged that such projections are subject to the uncertainty inherent in all projections of future results and that there can be no assurance that the results set forth in such projections will in fact be realized.

5.12 Ownership of Property: Liens

Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 ERISA

No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$20,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$20,000,000 the fair market value of the assets of all such underfunded Plans.

5.14 Subsidiaries

The Borrower has no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.14 (other than those which are "shell" or "inactive" Subsidiaries, as such terms are defined in subsection 8.4(d)) and has no equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.14.

5.15 Investment and Holding Company Status

Neither the Borrower nor any of its Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

5.16 Guarantors

As of the Closing Date and after giving effect to the transactions contemplated hereby, no Subsidiary has issued or is subject to any Guarantee Obligation in respect of any debt securities or bank debt of the Borrower other than in respect of the Note Purchase Agreements.

SECTION 6. CONDITIONS PRECEDENT

6.1 Conditions to Initial Loans and Letters of Credit

The agreement of each Lender to make the initial Loan requested to be made by it, or the Issuing Lender to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction on the Closing Date of the following conditions precedent:

(a) Unless waived by all the Lenders, the Administrative Agent's receipt of the following, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Officer of the Borrower or a Guarantor, as the case may be (to the extent there are any Guarantors as of the Closing Date), each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) executed counterparts of this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender, the Borrower and each Guarantor (to the extent there are any Guarantors as of the Closing Date);

(ii) Revolving Credit Notes executed by the Borrower in favor of each Lender requesting such a Note, each in a principal amount equal to such Lender's Commitment;

(iii) a Swingline Note executed by the Borrower in favor of the Swingline Lender (if it requests such a Note) in the principal amount of the Swingline Commitment;

(iv) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrower and/or any of the Guarantors (to the extent there are any Guarantors as of the Closing Date) as the Administrative Agent may require to evidence the identities, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents;

(v) such documents and certifications as the Administrative Agent may reasonably require to evidence that each of the Borrower and each Guarantor (to the extent there are any Guarantors as of the Closing Date) is duly organized or formed, validly existing and in good standing, including certified copies of the organization documents and certificates of good standing with respect to the Borrower and the Guarantors (to the extent there are any Guarantors as of the Closing Date);

(vi) a certificate signed by a Responsible Officer of the Borrower certifying that the conditions specified in subsections 6.2(a) and (b) have been satisfied as of the Closing Date (including, solely for purposes of this Section 6.1, the representations made in subsections 5.2 and 5.6);

(vii) an opinion of counsel to the Borrower and the Guarantors (to the extent there are any Guarantors as of the Closing Date) in substantially the form set forth in Exhibit G;

(viii) evidence that the Existing Facility has been or concurrently with the Closing Date is being terminated, all Indebtedness and obligations of the Borrower incurred thereunder have been, or with the initial Revolving Credit Loans hereunder on the Closing Date will be, repaid and the Borrower and its Subsidiaries released from all liability thereunder (except such as by their express terms survive such repayment and termination), and all Liens, if any, securing obligations under the Existing Facility have been or concurrently with the Closing Date are being released;

(ix) a compliance certificate in the form attached hereto as Exhibit H, signed by a Responsible Officer of the Borrower dated as of the Closing Date demonstrating compliance with the financial covenants contained in subsection 8.1 as of the end of the fiscal quarter most recently ended prior to the Closing Date; and

(x) such other assurances, certificates, documents, consents or opinions as the Administrative Agent or the Majority Lenders may reasonably require.

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

(c) The Borrower shall have paid all Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute its reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

(d) In the good faith judgment of the Administrative Agent and the Lenders:

(i) there shall not have occurred or become known to the Administrative Agent or any of the Lenders any event, condition, situation or status since the date of the information contained in the financial and business projections, budgets, pro forma data and forecasts concerning the Borrower and its Subsidiaries delivered to the Administrative Agent and the Lenders prior to the Closing Date that has had or could reasonably be expected to result in a Material Adverse Effect;

(ii) no litigation, action, suit, investigation or other arbitral, administrative or judicial proceeding shall be pending or threatened which could reasonably be likely to result in a Material Adverse Effect; and

(iii) the Borrower shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices, as shall be required to consummate the transactions contemplated hereby without the occurrence of any material default under, conflict with or violation of (A) any applicable law, rule, regulation, order or decree of any Governmental Authority or arbitral authority or (B) any agreement, document or instrument to which the Borrower or any Subsidiary is a party or by which any of them or their properties is bound.

6.2 Conditions to Each Loan and Letter of Credit

The agreement of each Lender to make any Loan requested to be made by it on any date, or the Issuing Lender to issue, amend, renew or extend any Letter of Credit (including, without limitation, its initial Loan) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties.

Each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents (excluding the representations made in subsections 5.2 and 5.6) shall be true and correct in all material respects on and as of such date as if made on and as of such date (or, if such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(b) No Default.

No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans requested to be made or the Letter(s) of Credit requested to be issued, amended, renewed or extended.

(c) Other Documents.

The Administrative Agent shall have received, in form and substance reasonably satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or the Majority Lenders reasonably may require.

Each Borrowing (and request for the same) by the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date hereof that the conditions contained in this subsection have been satisfied.

SECTION 7. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments (or any of them) remain in effect, any Letter of Credit is outstanding or any amount is owing to any Lender or the

Administrative Agent hereunder or under any other Loan Document, the Borrower shall, and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

7.1 Financial Statements.

Furnish to each Lender:

(a) as soon as available, but in any event within 90 days (or, to the extent the Borrower is a reporting company under the Securities Act of 1933, as amended, such shorter period as shall be required under the applicable rules of the Securities and Exchange Commission for the filing of its annual report on Form 10-K) after the end of each fiscal year of the Borrower, a copy of the audited consolidated and consolidating balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such year and the related consolidated and consolidating statements of operations and stockholders' equity and of cash flows for such year, setting forth in each case in comparative form the figures as of the end of and for the previous year, reported on without a qualification arising out of the scope of the audit, by BDO Seidman, LLP or any other independent certified public accountants of nationally recognized standing reasonably acceptable to the Majority Lenders, including an executive summary of the management letter prepared by such accountants; provided, however, that if a Default or Event of Default shall have occurred and shall be continuing, the full text of such management letter shall be provided to the Administrative Agent; and

(b) as soon as available, but in any event not later than 45 days (or, to the extent the Borrower is a reporting company under the Securities Act of 1933, as amended, such shorter period as shall be required under the applicable rules of the Securities and Exchange Commission for the filing of its quarterly report on Form 10-Q) after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated and consolidating balance sheets of the Borrower and its consolidated Subsidiaries as at the end of each such quarter and the related unaudited consolidated and consolidating statements of operations and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures as of the end of and for the corresponding period or periods in the previous year, all certified by a Responsible Officer of the Borrower as being fairly stated in all material respects (subject to normal, recurring, year-end audit adjustments and the absence of GAAP notes thereto).

(c) All such financial statements shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (subject, in the case of the aforesaid quarterly financial statements, to normal, recurring, year-end audit adjustments and the absence of GAAP notes thereto).

7.2 Certificates; Other Information

Furnish to the Administrative Agent and each of the Lenders:

(a) simultaneously with the delivery of the financial statements referred to in subsections 7.1(a) and (b), a certificate of the chief financial officer of the Borrower, certifying that to the best of his knowledge (i) no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, with computations demonstrating compliance (or non-compliance, as the case may be) with the covenants contained in subsection 8.1, and (ii) such financial statements have been prepared in accordance with GAAP (subject in the case of subsection 7.1(b) to normal, recurring, year-end adjustments and except for the absence of GAAP notes thereto);

(b) promptly, such additional financial and other information as the Administrative Agent or any Lender through the Administrative Agent may from time to time reasonably request;

(c) promptly after the same are available, and in any event within five (5) Business Days after the sending or filing thereof, copies of all proxy statements, financial statements and reports which the Borrower or any of its Subsidiaries sends to its stockholders, and copies of all regular, periodic and special reports and all registration statements which the Borrower or any such Subsidiary files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or with any national securities exchange or state securities administration; and

(d) simultaneously with the delivery of the annual financial statements referred to in subsection 7.1(a), a certificate of the independent public accountants who audited such statements to the effect that, in making the examination necessary for the audit of such statements, they have obtained no knowledge of any condition or event which constitutes a Default or Event of Default, or if such accountants shall have obtained knowledge of any such condition or event, specifying in such certificate each such condition or event of which they have knowledge and the nature and status thereof.

7.3 Conduct of Business and Maintenance of Existence

(a) Preserve, renew and keep in full force and effect its corporate existence and good standing under the laws of its jurisdiction of organization (except as could not in the aggregate be reasonably expected to have a Material Adverse Effect or as otherwise permitted hereunder, (b) take all reasonable action to maintain all rights, privileges and franchises necessary in the normal conduct of its business, and (c) comply with all Contractual Obligations and Requirements of Law, except to the extent that failure to comply therewith could not, in the aggregate, be reasonably expected to have a Material Adverse Effect.

7.4 Payment of Obligations

Pay and discharge all of its obligations and liabilities as the same shall become due and payable, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary, (b) all lawful claims which, if unpaid, would by law become a Lien upon its property (other than Liens permitted by subsection 8.2); and (c) all Indebtedness, as and when due and payable (after giving effect to any applicable grace periods), (i) but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness and (ii) unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary.

7.5 Maintenance of Properties

(a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, and (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.6 Maintenance of Insurance

Maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

7.7 Books and Records

Maintain (a) proper books of record and account in conformity with GAAP consistently applied in which all entries required by GAAP shall be made of all financial transactions and matters involving the assets and business of the Borrower and its Subsidiaries, and (b) such books of record and account in conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or any of its Subsidiaries, except where the failure to so comply would not result in a Material Adverse Effect.

7.8 Inspection Rights

Subject to subsection 11.14, permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its officers and independent public accountants, at such reasonable times during normal business hours as may be reasonably desired, upon reasonable advance notice to a Responsible Officer of the Borrower or such Guarantor (if any), as the case may be; provided, however, that (a) the Lenders shall use reasonable efforts to coordinate with the Administrative Agent in order to minimize the number

of such inspections and discussions; (b) with respect to access for environmental inspections, the Administrative Agent shall only have the right to inspect once every twelve months unless the Administrative Agent has reason to believe that a condition exists or an event has occurred which reasonably could give rise to liability under the Environmental Laws and (c) when an Event of Default has occurred and is continuing, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

7.9 Compliance with Laws

Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, including all Environmental Laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

7.10 Use of Proceeds

Use the proceeds of Loans to refinance existing Indebtedness under the Existing Facility, for general corporate purposes of the Borrower and its Subsidiaries in the ordinary course of business, including for acquisitions. No part of the proceeds of any loans will be used, whether directly or indirectly, for any purpose that entails violation of any of the Regulations of the Board of Governors of the Federal Reserve System, including Regulations T, U and X.

7.11 Notices

Promptly give notice to the Administrative Agent and each Lender upon obtaining actual knowledge of:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) the following events, as soon as possible and in any event within 30 days after the Borrower knows thereof: (i) the occurrence or reasonably expected occurrence of any ERISA Event with respect to any Plan, (ii) a failure to make any required contribution to a Plan within the period required by applicable law, (iii) the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (iv) the institution of proceedings or the taking of any other similar action by the PBGC or the Borrower or any ERISA Affiliate or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan, other than the termination of any Single Employer Plan that is not a distress termination pursuant to Section 4041(c) of ERISA where, with respect to any event listed above, the amount of liability the

Borrower or any ERISA Affiliate could reasonably be expected to have a Material Adverse Effect; and

(d) (i) any other development known to Borrower that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered pursuant to this subsection shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence or development referred to therein and stating what action the Borrower proposes to take with respect thereto.

7.12 Guarantors

Except as otherwise provided in the immediately succeeding sentence, simultaneously with any Subsidiary becoming, but only for so long as such Subsidiary shall be, a guarantor under or with respect to any Indebtedness or other obligations under the Note Purchase Agreements or any other debt securities or bank debt (it being understood that undrawn commitments in respect of bank credit facilities shall not constitute "bank debt" for purposes of this definition) issued by the Borrower, cause such Person to enter into a Guarantee in the form of Exhibit J (or such other agreement in form and substance reasonably acceptable to the Majority Lenders), and thereupon such Person shall become a Guarantor hereunder for all purposes. Notwithstanding the immediately preceding sentence, no Subsidiary shall be required to enter into a Guarantee prior to September 30, 2005 as a result of the existence of any Guarantee Obligation of such Subsidiary under the Note Purchase Agreements so long as on or prior to September 30, 2005, the Company has obtained releases of such Guarantee Obligations from at least 75% of each of the 1998 Noteholders and 1999 Noteholders, respectively, of the Guarantee Obligations made in favor of such holders under the Note Purchase Agreements.

SECTION 8. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments (or any of them) remain in effect, any Letter of Credit remains outstanding, or any amount is owing to any Lender or the Administrative Agent hereunder or under any other Loan Document, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly (or, in the case of subsection 8.3, the Borrower will not permit any of its Subsidiaries to, directly or indirectly):

8.1 Financial Covenants

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio at any time during any period of four consecutive fiscal quarters of the Borrower to exceed 3.0 to 1.0.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the last day of any period of four consecutive fiscal quarters of the Borrower to be less than 4.0 to 1.0.

8.2 Limitation on Liens

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) pledges or deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security legislation and deposits made in the ordinary course of business securing liability to insurance carriers under insurance or self-insurance arrangements;

(d) deposits to secure the performance of bids, trade or government contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions, building, zoning and other similar encumbrances or restrictions, utility agreements, covenants, reservations and encroachments and other similar encumbrances, or leases or subleases, incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not, in the aggregate, materially detract from the value of the properties of the Borrower and its Subsidiaries, taken as a whole, or materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries, taken as a whole;

(f) Liens securing Indebtedness in respect of capital leases and purchase money obligations for fixed or capital assets; provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition and (iii) such Indebtedness was not incurred in connection with, or in anticipation or contemplation of, an acquisition;

(g) Liens on the assets of Receivable Subsidiaries created pursuant to any Receivables Transaction permitted pursuant to subsection 8.3(a);

(h) Liens created or arising pursuant to any Loan Documents;

(i) Liens granted by any Subsidiary in favor of the Borrower;

(j) judgment and other similar Liens arising in connection with court proceedings in an aggregate amount not in excess of \$1,000,000 (except to the extent covered by independent third-party insurance) provided that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;

(k) any Lien on any Property of the Borrower or any Subsidiary existing on the Closing Date and set forth on Schedule 8.2 or any extension, renewal or refinancing thereof; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary, (ii) such Lien shall secure only those obligations which it secures as of the date hereof and (iii) in the case of any extension, renewal or refinancing thereof, (x) there is no increase in the obligations so secured and (y) such Lien does not secure additional assets not subject to the Lien then being extended or renewed;

(l) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be;

(m) Liens arising from precautionary UCC financing statements regarding operating leases or consignments; or

(n) Liens (not otherwise permitted hereunder) which secure obligations or Indebtedness of the Borrower or any of its Subsidiaries not exceeding the greater of (x) \$100,000,000 or (y) 5% of Consolidated Total Assets at the time such Indebtedness is incurred.

8.3 Limitation on Indebtedness

Create, issue, incur, assume, become liable in respect of or suffer to exist:

(a) any Indebtedness pursuant to any Receivables Transaction, except for Indebtedness pursuant to all Receivables Transactions that is (i) non-recourse with respect to the Borrower and its Subsidiaries (other than any Receivables Subsidiary) and (ii) in an aggregate principal amount at any time outstanding not exceeding 10% of Consolidated Total Assets at such time; or

(b) any Indebtedness of any of the Subsidiaries other than (i) Indebtedness of any Receivables Subsidiary pursuant to any Receivables Transaction permitted under subsection 8.3(a), (ii) any Indebtedness of any Subsidiary as a guarantor under or pursuant to any of those certain Note Purchase Agreements dated as of June 30, 1999 and September 25, 1998, as amended, respectively, between the Borrower and the various note holders thereunder, so long as such Subsidiaries are Guarantors, (iii) any Indebtedness of any Subsidiary existing on the

Closing Date and set forth on Schedule 8.3 and any refinancing thereof; provided, that the then outstanding principal amount thereof is not increased and the weighted average maturity thereof is not decreased, (iv) any Indebtedness of any Subsidiary which is a Guarantor, (v) any Indebtedness of any Subsidiary owed to the Borrower or any other Subsidiary, (vi) any Indebtedness arising in respect of capital leases or purchase money obligations incurred in accordance with subsection 8.2(h), and (vii) any other Indebtedness of Subsidiaries in an aggregate principal amount at any time outstanding not to exceed the greater of (x) \$100,000,000 or (y) 5% of Consolidated Total Assets at the time such Indebtedness is incurred.

8.4 Fundamental Changes

Liquidate, windup or dissolve (or suffer any liquidation or dissolution), or merge, consolidate with or into, or convey, transfer, lease, sell, assign 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 or in favor of any Person, except that, so long as no Default or Event of Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more Subsidiaries, provided that (A) when any wholly-owned Subsidiary is merging with another Subsidiary, such wholly-owned Subsidiary shall be the continuing or surviving Person and (B) when any Foreign Subsidiary is merging with a Domestic Subsidiary, such Domestic Subsidiary shall be the continuing or surviving Person;

(b) any (i) Subsidiary may sell, transfer, contribute, convey or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Borrower or to a Domestic Subsidiary; provided that if the transferor in such a transaction is a wholly-owned Subsidiary, then the transferee must also be a wholly-owned Subsidiary; or (ii) Foreign Subsidiary may sell, transfer, contribute, convey or otherwise dispose of all of its assets (upon voluntary liquidation or otherwise), to any other Foreign Subsidiary;

(c) any Subsidiary formed solely for the purpose of effecting an acquisition may be merged or consolidated with any other Person; provided that the continuing or surviving corporation of such merger or consolidation shall be a Subsidiary;

(d) "Inactive" or "shell" Subsidiaries (i.e., a Person that is not engaged in any business and that has total assets of \$500,000 or less) may be dissolved or otherwise liquidated, provided that all of the assets and properties of any such Subsidiaries are transferred to the Borrower or another Subsidiary upon dissolution/liquidation; and

(e) the Borrower may merge or consolidate with any Person, provided that the Borrower shall be the continuing or surviving Person.

8.5 Dispositions

Make any Disposition or enter into any agreement to make any Disposition, except:

- (a) Dispositions of obsolete, out-moded or worn-out property, whether now owned or hereafter acquired, in the ordinary course of business;
- (b) Dispositions of inventory in the ordinary course of business;
- (c) Dispositions of property by any Subsidiary to the Borrower or to any other Subsidiary;
- (d) Dispositions of Receivables pursuant to Receivables Transactions permitted under subsection 8.3(a);
- (e) the nonexclusive license of intellectual property of the Borrower or any of its Subsidiaries to third parties in the ordinary course of business;

(f) without limitation to clause (a), the Borrower and its Subsidiaries may sell or exchange specific items of machinery or equipment, so long as the proceeds of each such sale or exchange is used (or contractually committed to be used) to acquire (and results within one year of such sale or exchange in the acquisition of) replacement items of machinery or equipment of reasonably equivalent Fair Market Value; and

(g) other Dispositions where (i) in the good faith opinion of the Borrower, the Disposition is an exchange for consideration having a Fair Market Value at least equal to that of the property Disposed of and is in the best interest of the Borrower or the applicable Subsidiary, as the case may be; (ii) immediately after giving effect to such Disposition, no Default or Event of Default would exist; and (iii) immediately after giving effect to such Disposition, the Disposition Value of all property that was the subject thereof in any fiscal four quarter period of the Borrower plus the Fair Market Value of any other property Disposed of during such four quarter period does not equal or exceed 15% of Consolidated Total Assets as of the end of the then most recently ended fiscal quarter of Borrower.

8.6 ERISA

Engage in a transaction which could be subject to Section 4069 or 4212(c) of ERISA, or permit any Plan to (a) engage in any non-exempt “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code); (b) fail to comply with ERISA or any other applicable Laws; or (c) incur any material “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), which, with respect to any event listed above, could reasonably be expected to have a Material Adverse Effect.

8.7 Transactions with Affiliates

Enter into any transaction of any kind with any Affiliate of the Borrower, other than for compensation and upon fair and reasonable terms with Affiliates in transactions that are otherwise permitted hereunder no less favorable to the Borrower or any Subsidiary than would be obtained in a comparable arm’s-length transaction with a Person other than an Affiliate, provided, the foregoing restriction shall not apply to (a) any transaction between the Borrower and any of its Subsidiaries or between any of its Subsidiaries, (b) reasonable and customary fees

paid to members of the Boards of Directors of the Borrower and its Subsidiaries, (c) transactions effected as part of a Receivables Transaction or (d) compensation arrangements of officers and other employees of the Borrower and its Subsidiaries entered into in the ordinary course of business.

8.8 Restrictive Agreements

Enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 8.8 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 9. EVENTS OF DEFAULT

Any of the following shall constitute an Event of Default:

(a) The Borrower shall fail to pay any principal of any Loan or any Reimbursement Obligation when due in accordance with the terms thereof or hereof; or the Borrower shall fail to pay any interest on any Loan, or any fee or other amount payable hereunder, within three Business Days after any such interest or other amount becomes due in accordance with the terms thereof or hereof;

(b) Any representation or warranty made or deemed made by the Borrower or any Guarantor (if any) herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement shall prove to have been incorrect or misleading in any material respect when made or deemed made or furnished;

(c) (i) The Borrower shall default in the observance or performance of any covenant contained in subsection 7.10, subsection 7.11, subsection 7.12 or Section 8; or (ii) the Borrower shall default in the observance or performance of any covenant contained in subsection 7.1, and such default shall continue unremedied for a period of 10 days; or (iii) the Borrower shall default in the observance or performance of any other agreement contained in this

Agreement (other than as provided above in this Section), and such default described in this clause (c)(iii) shall continue unremedied for a period of 30 days; provided that if any such default covered by this clause (c)(iii), (x) is not capable of being remedied within such 30-day period, (y) is capable of being remedied within an additional 30-day period and (z) the Borrower is diligently pursuing such remedy during the period contemplated by (x) and (y) and has advised the Administrative Agent as to the remedy thereof, the first 30-day period referred to in this clause (c)(iii) shall be extended for an additional 30-day period but only so long as (A) the Borrower continues to diligently pursue such remedy, (B) such default remains capable of being remedied within such period and (C) any such extension could not reasonably be expected to have a Material Adverse Effect;

(d) The Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to all applicable grace periods, if any);

(e) An event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (e) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower, any Guarantor (if any) or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower, any Guarantor (if any) or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(g) The Borrower, any Guarantor (if any) or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (f) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower, any Guarantor (if any) or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) take any action for the purpose of effecting any of the foregoing or (vii) shall become unable, admit in writing its inability or fail generally to pay its debts as they become due

(h) An ERISA Event shall have occurred that, in the reasonable credit judgment of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(i) Any Loan Document, at any time after its execution and delivery and for any reason other than the agreement of all the Lenders or satisfaction in full of all the Obligations, ceases to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect; or the Borrower or any Guarantor (if any) denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; one or more judgments (to the extent not covered by insurance where insurance coverage has been acknowledged) for the payment of money in an aggregate amount in excess of \$40,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment; or

(j) a Change in Control shall occur;

then, and in any such event, (A) if such event is an Event of Default specified in paragraph (f) or paragraph (g) above, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. In the case of all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit in accordance with the provisions of subsection 4.8. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other then due and owing Obligations. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other Obligations shall have been paid in full (or in the event

that the acceleration that required the funding of such cash collateral account is rescinded by the Lenders), the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). The Borrower hereby expressly waives presentment, demand of payment, protest and all notices whatsoever (other than any notices specifically required hereby).

SECTION 10. THE ADMINISTRATIVE AGENT

10.1 Appointment

Each Lender hereby irrevocably designates and appoints the Administrative Agent as the Administrative Agent of such Lender under this Agreement and the other Loan Documents, and each Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

10.2 Delegation of Duties

The Administrative 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 Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3 Exculpatory Provisions

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of

any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

10.4 Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, 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 Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Lenders (or, to the extent required by this Agreement, all of the Lenders) as it deems appropriate or 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 (other than any such liability or expense resulting from the gross negligence or willful misconduct of the Administrative Agent). The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Majority Lenders (or, to the extent required by this Agreement, all of the Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

10.5 Notice of Default

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders (or, to the extent required by this Agreement, all of the Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

10.6 Non-Reliance on Administrative Agent and Other Lenders

Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative 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 analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

10.7 Indemnification

The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower in accordance with the terms hereof and without limiting the obligation of the Borrower to do so), ratably according to their respective Revolving Credit Commitment Percentages in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements which are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Administrative Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Loans and all other amounts payable hereunder. Notwithstanding anything

contained herein to the contrary, the Issuing Lender and Swingline Lender shall have all of the benefits and immunities (a) provided to the Administrative Agent in this Section 10 with respect to any acts taken or omissions suffered by the Issuing Lender or Swingline Lender, as the case may be, as fully as if the term “Administrative Agent” as used in this Section 10 included the Issuing Lender and Swingline Lender with respect to such acts or omissions, and (b) as additionally provided herein with respect to the Issuing Lender and Swingline Lender, as the case may be.

10.8 Administrative Agent in Its Individual Capacity

The Person serving as the Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Person serving as the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to the Loans made by it and with respect to any Letter of Credit issued or participated in by it, the Person serving as the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms “Lender” and “Lenders” shall include the Person serving as the Administrative Agent in its individual capacity.

10.9 Successor Administrative Agent

The Administrative Agent may resign as Administrative Agent upon 10 days’ notice to the Lenders and the Borrower provided that any such resignation by JPMCB shall also constitute its resignation as Issuing Lender and Swingline Lender. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Majority Lenders shall appoint from among the Lenders a successor Administrative Agent for the Lenders, which successor Administrative Agent (provided that it shall have been approved by the Borrower), shall succeed to the rights, powers and duties of the Administrative Agent hereunder. Effective upon such appointment and approval, the term “Administrative Agent” shall mean such successor Administrative Agent, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. After any retiring Administrative Agent’s resignation as Administrative Agent, the provisions of this Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

10.10 The Sole Lead Arranger, the Sole Bookrunner and the Syndication Agent

None of the Sole Lead Arranger, the Sole Bookrunner or the Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Sole Lead Arranger, the Sole Bookrunner or the Syndication Agent shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not

relied, and will not rely, on the Sole Lead Arranger, the Sole Bookrunner or the Syndication Agent in deciding to enter into this Agreement or in taking or not taking any action hereunder.

SECTION 11. MISCELLANEOUS

11.1 Amendments and Waivers

(a) Except as provided in subsection 11.1(b), neither this Agreement nor any other Loan Document, nor any terms hereof or thereof, may be amended, supplemented or modified except in accordance with the provisions of this subsection. The Majority Lenders may, or, with the written consent of the Majority Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Majority Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of maturity of any Loan, or reduce the stated rate or amount of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Multicurrency Commitment, Revolving Credit Commitment, Swingline Commitment or L/C Commitment, in each case without the consent of each Lender affected thereby, (ii) amend, modify or waive any provision of this subsection, reduce the percentage specified in the definitions of Majority Leaders, or amend or modify any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination granting consent hereunder, or consent to the assignment or transfer by the Borrower or any Guarantor (if any) of any of its rights and obligations under this Agreement and the other Loan Documents, in each case without the written consent of all the Lenders, (iii) release all or substantially all of the Guarantors (if any) (except where such release is expressly permitted elsewhere in this Agreement without such consent) without the written consent of all the Lenders, or (iv) (A) amend, modify or waive any provision of Section 10 without the written consent of the then Administrative Agent, (B) affect the rights or duties of the Issuing Lender under this Agreement or any other Loan Document without the written consent of the then Issuing Lender or (C) affect the rights or duties of Swingline Lender under this Agreement or any other Loan Document without the written consent of then Swingline Lender; and further provided, however, that no such waiver and no such amendment, supplement or modification shall amend, modify or waive any provision of any Guarantee executed and delivered pursuant to subsection 7.12 without the written consent of the Guarantors. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Guarantors (if any), the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Borrower, the Guarantors (if any), the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; no such

waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

(b) In addition to amendments effected pursuant to the foregoing paragraph (a), additional freely-convertible eurocurrencies may be added as Available Foreign Currencies, upon execution and delivery by the Borrower, the Administrative Agent and all of the Lenders of an amendment providing for such addition. The Administrative Agent shall give prompt written notice to each Lender of any such amendment.

11.2 Notices

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower or any of the Guarantors (if any), to Henry Schein, Inc., 135 Duryea Road, Melville, New York, 11747, Attention of Chief Financial Officer (Telecopy No. (631) 843-5541), with a copy to Proskauer Rose LLP, 1585 Broadway, New York, New York, 10036-8299, Attention of Jack P. Jackson, Esq. (Telecopy No. (212) 969-2900);

(ii) if to the Administrative Agent, to it at JPMorgan Chase Bank, 395 North Service Road, Suite 302, Melville, NY 11747, Attention of John Budzynski, (Telecopy No. (631) 755-5184);

(iii) if to the Issuing Lender, to it at JPMorgan Chase Bank, 10420 Highland Manor Drive-BL 2, Floor 4, Tampa, FL 33610, Attention of Joseph Borello (Telecopy No. (813) 432-5161);

(iv) if to the Swingline Lender, to it at JPMorgan Chase Bank, 1111 Fannin, 10th Floor, Houston, Texas 77002, Attention of Candace Grayson (Telecopy No. (713) 750-7904; and

(v) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire and notified to the Borrower in accordance with the provisions hereof.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent and the Lenders; provided that the foregoing shall not apply to notices pursuant to subsection 2.4 or Section 4 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

11.3 No Waiver; Cumulative Remedies

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties

All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

11.5 Payment of Expenses and Taxes

The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of Simpson Thacher & Bartlett LLP, counsel to the Administrative Agent, (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement of any rights under this Agreement or any of the other Loan Documents, including, without limitation, the Attorney Costs of each Lender and of the Administrative Agent, (c) to pay, and indemnify and hold harmless each Lender and the Administrative Agent and each of their affiliates and their respective officer, directors, employees, Administrative Agents and advisors (each, an "indemnified party") from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, provided that the Borrower shall have no obligation hereunder to any indemnified party with respect to any of the foregoing fees or liabilities which arise from the gross negligence or willful misconduct of such indemnified party determined in a court of competent jurisdiction in a final non-appealable judgment, and (d) to pay, and indemnify and

hold harmless each indemnified party from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents including, without limitation, any of the foregoing relating to the violation of, noncompliance with, or liability under, any Environmental Law applicable to the operations of the Borrower, any of its Subsidiaries or any of the properties (all the foregoing in this clause (d), collectively, the “indemnified liabilities”), provided that the Borrower shall have no obligation hereunder to any indemnified party with respect to indemnified liabilities arising from the gross negligence or willful misconduct of such indemnified party determined in a court of competent jurisdiction in a final non-appealable judgment. The agreements in this subsection shall survive the termination of this Agreement and each other Loan Document and repayment of the Loans and all other amounts payable hereunder.

11.6 Successors and Assigns; Participations and Assignments

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Lender that issues any Letter of Credit), except that (i) neither the Borrower nor any of the Guarantors (if any) may assign or otherwise transfer any of their respective rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any such Person without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this subsection. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Lender that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this subsection) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Lender, the Swingline Lender and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

- (A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an “Approved Fund” (as defined below) or, if a Default or an Event of Default has occurred and is continuing, any other Assignee; and
- (B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to

an Assignee that is a Lender immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

- (A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Revolving Credit Commitment, the amount of the Revolving Credit Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance, substantially in the form of Exhibit I (hereinafter, an "Assignment and Acceptance"), with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if a Default or an Event of Default has occurred and is continuing;
- (B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;
- (C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500;
- (D) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent a duly completed administrative questionnaire (containing all pertinent information relating to such assignee; hereinafter an "Administrative Questionnaire"); and
- (E) in the case of an assignment to a "CLO" (as defined below), the assigning Lender shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement, provided that the Assignment and Acceptance between such Lender and such CLO may provide that such Lender will not, without the consent of such CLO, agree to any amendment, modification or waiver described in the first proviso to subsection 11.1(a) that affects such CLO.

For the purposes of this subsection 11.6(b), the terms “Approved Fund” and “CLO” have the following meanings:

“Approved Fund” means (a) a CLO and (b) with respect to any Lender that is an institutional fund which invests primarily in bank loans and similar extensions of credit, any other institutional fund that invests primarily in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“CLO” means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this subsection, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of subsections 3.8, 3.9, 3.10, 3.11 and 11.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection 11.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this subsection.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Credit Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive in the absence of manifest error, and the Borrower, the Administrative Agent, the Issuing Lender, the Swingline Lender and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Lender, the Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee’s completed

Administrative Questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this subsection and any written consent to such assignment required by paragraph (b) of this subsection, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Lender, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to subsection 11.1(a) that affects such Participant. Subject to paragraph (c)(ii) of this subsection, the Borrower agrees that each Participant shall be entitled to the benefits of subsections 3.8, 3.9, 3.10 and 3.11 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this subsection. To the extent permitted by law, each Participant also shall be entitled to the benefits of subsection 11.7 as though it were a Lender, provided such Participant agrees to be subject to subsection 11.7 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under subsection 3.9, 3.10 or 3.11 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender (as defined in subsection 3.10(b)) if it were a Lender shall not be entitled to the benefits of subsection 3.10 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with subsection 3.10(b) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this subsection shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) The Borrower authorizes each Lender to disclose to any Participant or Assignee (each, a “Transferee”) and any prospective Transferee, subject to the provisions of subsection 11.14, any and all financial information in such Lender’s possession concerning the Borrower and its Subsidiaries and Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender’s credit evaluation of such Borrower and its Subsidiaries and Affiliates prior to becoming a party to this Agreement.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this subsection concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Lender of any Loan or Note to any Federal Reserve Bank in accordance with applicable law.

11.7 Adjustments; Set-off

(a) If any Lender (a “benefited Lender”) shall at any time receive any payment of all or part of its Loans or the Reimbursement Obligations owing to it then due and owing, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in subsections 9(f) and (g), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender (other than to the extent expressly provided herein), if any, in respect of such other Lender’s Loans or the Reimbursement Obligations owing to it then due and owing, or interest thereon, such benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender’s Loans or the Reimbursement Obligations owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the other Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower or the Guarantors (if any), any such notice being expressly waived by the Borrower and the Guarantors (if any) to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower or any of the Guarantors (if any). Each Lender agrees promptly to notify the Borrower or any such Guarantor (if any) and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

11.8 Counterparts

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

11.9 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.10 Integration

This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof or thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof or thereof not expressly set forth or referred to herein or in the other Loan Documents.

11.11 **GOVERNING LAW**

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11.12 Submission To Jurisdiction; Waivers

The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in subsection 11.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary, punitive or consequential damages.

11.13 Acknowledgements

The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any of the Guarantors (if any) arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on the one hand, and the Borrower and the Guarantors (if any), on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower, the Guarantors (if any), and the Lenders.

11.14 Confidentiality

Each Lender agrees to keep confidential any written or oral information (a) provided to it by or on behalf of the Borrower or any of its Subsidiaries pursuant to or in connection with this Agreement or any other Loan Document or (b) obtained by such Lender based on a review of the books and records of the Borrower or any of its Subsidiaries; provided that nothing herein shall prevent any Lender from disclosing any such information (i) to the Administrative Agent, the Issuing Lender or any other Lender, (ii) to any Transferee which receives such information having been made aware of the confidential nature thereof and having agreed to abide by the provisions of this subsection 11.14, (iii) to its employees, directors, agents, attorneys, accountants and other professional advisors, and to employees and officers of its Affiliates who agree to be bound by the provisions of this subsection 11.14 and who have a need for such information in connection with this Agreement or other transactions or proposed transactions with the Borrower, (iv) upon the request or demand of any Governmental Authority having jurisdiction over such Lender, (v) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (vi) subject to an agreement to comply with the provisions of this subsection, to any actual or

prospective counter-party (or its advisors) to any Swap Agreement, (vii) which has been publicly disclosed other than in breach of this Agreement, (viii) in connection with the exercise of any remedy hereunder or any litigation to which such Lender is a party, or (ix) which is received by such Lender from a Person who, to such Lender's knowledge or reasonable belief, is not under a duty of confidentiality to the Borrower or the applicable Subsidiary, as the case may be.

11.15 USA Patriot Act

Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

11.16 Judgment

The Borrower, the Administrative Agent and each Lender hereby agree that if, in the event that a judgment is given, in relation to any sum due the Administrative Agent or any Lender hereunder, in an Available Foreign Currency (the "Judgment Currency"), the Borrower agrees to indemnify the Administrative Agent or such Lender, as the case may be, to the extent that the Dollar Equivalent amount which could have been purchased on the Business Day following receipt of such sum is less than the sum which could have been so purchased by the Administrative Agent had such purchase been made on the day on which such judgment was given or, if such day is not a Business Day, on the Business Day immediately preceding the giving of such judgment, and if the amount so purchased exceeds the amount which could have been so purchased had such purchase been made on the day on which such judgment was given or, if such day is not a Business Day, on the Business Day immediately preceding such judgment, the Administrative Agent or the applicable Lender agrees to remit such excess to the Borrower. The agreements in this subsection shall survive the termination of this Agreement and each other Loan Document and the payment of the Loans and all other Obligations.

11.17 WAIVERS OF JURY TRIAL

THE BORROWER, THE ADMINISTRATIVE AGENT, THE ISSUING LENDER, THE SWINGLINE LENDER AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the year first above written.

BORROWER:

HENRY SCHEIN, INC.

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and as a
Lender

By: _____
Name:
Title:

CITIBANK, N.A.,
as Syndication Agent and as a
Lender

By: _____
Name:
Title:

HSBC BANK USA, N.A.
as Co-Agent and as a Lender

By: _____

Name:

Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

LEHMAN COMMERCIAL PAPER INC.,
as Co-Agent and as a Lender

By: _____
Name:
Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

MELLON BANK, N.A.,
as Co-Agent and as a Lender

By: _____
Name:
Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Co-Agent and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

ABN AMRO BANK N.V.,
as a Lender

By: _____

Name:

Title:

By: _____

Name:

Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

THE BANK OF NEW YORK,
as a Lender

By: _____

Name:

Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

BAYERISCHE HYPO-UND
VEREINSBANK AG, NEW YORK BRANCH
as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

NORTH FORK BANK,
as a Lender

By: _____

Name:

Title:

Signature Page to the Henry Schein, Inc. Credit Agreement

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Stanley M. Bergman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying 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.

Dated: August 3, 2005

/s/ Stanley M. Bergman

Stanley M. Bergman

Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Steven Paladino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying 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.

Dated: August 3, 2005

/s/ Steven Paladino

Steven Paladino
Executive Vice President and
Chief Financial Officer

**CERTIFICATION 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 Henry Schein, Inc. (the "Company") for the period ending June 25, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley M. Bergman, the Chairman and Chief Executive Officer of the Company, and I, Steven Paladino, Executive Vice President and Chief Financial Officer of the Company, do hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

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

Dated August 3, 2005

/s/ Stanley M. Bergman
Stanley M. Bergman
Chairman and Chief Executive Officer

Dated August 3, 2005

/s/ Steven Paladino
Steven Paladino
Executive Vice President and
Chief Financial Officer

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 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.