

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1995

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina
I.R.S. Employer Identification Number 13-2607329

1177 Summer Street, Stamford, Connecticut 06905-5529
(Principal Executive Office)

Telephone Number: (203) 348-7000

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 and (2) has been subject to such filing requirements for the past 90 days.

YES X NO .
--- ---

As of May 3, 1995, there were 29,615,969 Common Shares of the Registrant outstanding.

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PART I. FINANCIAL INFORMATION

ITEM L. FINANCIAL STATEMENTS

The following unaudited financial statements reflect, in the opinion of Rayonier Inc. (the Company), all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the results of operations, the financial position, and the cash flows for the periods presented. Certain reclassifications have been made to the prior year's financial statements to conform to current year presentation. For a full description of accounting policies, please refer to Notes to Consolidated Financial Statements in the 1994 Annual Report on Form 10-K.

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
(UNAUDITED)
(THOUSANDS OF DOLLARS, EXCEPT PER SHARE INFORMATION)

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
	-----	-----
SALES	\$285,832	\$257,727
Costs and expenses		
Cost of sales	224,044	199,132
Selling and general expenses	8,387	6,708
Other operating (income) expense, net	(1,443)	715
Total costs and expenses	230,988	206,555
OPERATING INCOME	54,844	51,172
Interest expense	(8,535)	(6,746)
Interest and miscellaneous income, net	668	533
Minority interest	(9,300)	(11,076)
Income before income taxes	37,677	33,883
Income taxes	(12,528)	(12,164)
NET INCOME	\$ 25,149	\$ 21,719
NET INCOME PER COMMON SHARE	\$0.84	\$0.73
Weighted average Common Shares outstanding	29,847,437	29,589,292

RAYONIER INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)
 (THOUSANDS OF DOLLARS)

ASSETS

	MARCH 31, 1995	DECEMBER 31, 1994
	-----	-----
CURRENT ASSETS		
Cash	\$ 12,268	\$ 9,178
Accounts receivable, less allowance for doubtful accounts of \$4,424 and \$4,358	117,523	103,892
Inventories		
Finished goods	52,366	39,929
Work in process	19,525	18,221
Raw materials	43,705	34,022
Manufacturing and maintenance supplies	29,564	27,567
Total inventories	145,160	119,739
Deferred income taxes	4,590	4,382
Prepaid timber stumpage	56,919	47,338
Other current assets	13,093	12,692
Total current assets	349,553	297,221
OTHER ASSETS	30,803	29,439
TIMBER STUMPAGE	35,616	36,756
TIMBER, TIMBERLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	476,129	476,132
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings, machinery and equipment	1,225,380	1,202,484
Less - accumulated depreciation	547,451	530,857
	-----	-----
Net property, plant and equipment	677,929	671,627
	-----	-----
TOTAL ASSETS	\$1,570,030	\$1,511,175
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 83,595	\$ 83,658
Bank loans and current maturities of long-term debt	27,757	302
Accrued taxes	22,362	7,676
Accrued payroll and benefits	17,051	20,043
Other current liabilities	42,326	41,831
Current reserves for dispositions and discontinued operations	23,925	25,370
	-----	-----
Total current liabilities	217,016	178,880
DEFERRED INCOME TAXES	131,043	127,638
LONG-TERM DEBT	482,783	482,920
NONCURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS (Net of discontinued operations' assets of \$12,122 and \$13,023)	18,529	20,325
OTHER NONCURRENT LIABILITIES	24,827	23,695
MINORITY INTEREST	22,202	22,516
SHAREHOLDERS' EQUITY		
Common Shares, 60 million shares authorized, 29,615,969 and 29,574,807 shares issued and outstanding	158,263	157,581
Retained earnings	515,367	497,620
	-----	-----
Total shareholders' equity	673,630	655,201
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,570,030	\$1,511,175
	=====	=====

RAYONIER INC. AND SUBSIDIARIES
 STATEMENTS OF CONSOLIDATED CASH FLOWS
 (UNAUDITED)
 (THOUSANDS OF DOLLARS)

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
OPERATING ACTIVITIES		
Net income	\$ 25,149	\$ 21,719
Non-cash items included in income		
Depreciation, depletion and amortization	24,492	24,036
Deferred income taxes	2,465	(1,045)
Increase in other noncurrent liabilities	1,132	708
Change in accounts receivable, inventories and accounts payable	(39,115)	(23,851)
Increase in prepaid timber stumpage	(9,581)	(5,347)
Increase in accrued taxes	14,686	18,095
Change in reserves for dispositions and discontinued operations	(1,274)	-
Other changes in working capital	(2,898)	(1,797)
	-----	-----
Cash from operating activities	15,056	32,518
	=====	=====
INVESTING ACTIVITIES		
Capital expenditures, net of sales and retirements of \$652 and \$101	(30,791)	(20,473)
Expenditures for dispositions and discontinued operations, net of tax benefits of \$732 and \$1,059	(1,235)	(1,788)
Change in other assets and timber stumpage	(224)	(2,060)
	-----	-----
Cash used for investing activities	(32,250)	(24,321)
	=====	=====
FINANCING ACTIVITIES		
Issuance of debt	27,444	16,200
Repayments of debt	(126)	(116)
Dividends	(7,402)	(5,321)
Issuance of Common Shares	682	-
Decrease in minority interest	(314)	(15,679)
	-----	-----
Cash from (used for) financing activities	20,284	(4,916)
	=====	=====
CASH		
Increase during the period	3,090	3,281
Balance at beginning of period	9,178	5,989
	-----	-----
Balance at end of period	\$ 12,268	\$ 9,270
	=====	=====
Supplemental disclosures of cash flow information		
Cash paid (received) during the period for:		
Interest	\$ 4,835	\$ 4,273
	=====	=====
Income taxes, net of refunds	\$ (2,768)	\$ (4,015)
	=====	=====

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

The sales and operating income of Rayonier's business segments for the three months ended March 31, 1995 and 1994 were as follows (thousands of dollars):

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
	-----	-----
SALES		
TIMBER AND WOOD PRODUCTS:		
Log Trading and Merchandising	\$ 80,001	\$ 75,592
Timberlands Management and Stumpage	50,153	55,279
Wood Products	15,123	19,228
	-----	-----
Total Before Intrasegment Eliminations	145,277	150,099
Intrasegment Eliminations	(4,184)	(4,496)
	-----	-----
TOTAL TIMBER AND WOOD PRODUCTS	141,093	145,603
	-----	-----
SPECIALTY PULP PRODUCTS:		
Chemical Cellulose	83,606	71,007
Fluff and Specialty Paper Pulps	67,160	42,048
	-----	-----
TOTAL SPECIALTY PULP PRODUCTS	150,766	113,055
	-----	-----
Intersegment Eliminations	(6,027)	(931)
	-----	-----
TOTAL SALES	\$ 285,832	\$ 257,727
	=====	=====
OPERATING INCOME		
Timber and Wood Products	\$ 42,754	\$ 53,490
Specialty Pulp Products	15,273	532
Corporate and Other	(2,171)	(2,903)
Intersegment Eliminations	(1,012)	53
	-----	-----
TOTAL OPERATING INCOME	\$ 54,844	\$ 51,172
	=====	=====

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME

Sales of \$286 million for the first quarter of 1995 were \$28 million or 11 percent higher than the first quarter of 1994 primarily reflecting stronger demand for the Company's specialty pulp products. Operating income for the quarter of \$55 million was \$4 million or 7 percent higher than last year's level.

Timber and Wood Products

Timber and Wood Products' sales in the first quarter were \$141 million, \$5 million lower than the same period of 1994. Operating income for the quarter of \$43 million was down \$11 million from the prior year. In the first quarter of 1994, results for the Timber and Wood Products segment were unusually strong as a result of a late 1993 market correction that caused customers to delay harvesting of high-priced Northwest timber from 1993 to 1994. Excluding the unusual carryover of contracts into 1994, 1995 results were roughly equal to the first quarter of 1994 as the effects of improving log and timber sales offset a weak domestic lumber market.

Log trading and merchandising sales, which include the Company's New Zealand log sales, were up from the 1994 first quarter due to improved selling prices in both export and domestic markets. However, overall margins were unchanged as higher log costs largely offset selling price gains. Timberlands management and stumpage sales and operating income were down from last year's first quarter due to last year's high-priced carry-over volume in the Northwest U.S. region. However, in the Southeast U.S. region, results were very strong as wet weather and high demand for pulpwood resulted in higher prices and increased harvests from Rayonier's relatively dry acreage. Wood products sales and operating margins were down from the prior year due to weak domestic construction activity.

Specialty Pulp Products

Sales of Specialty Pulp Products increased to \$151 million, up 33 percent from last year's first quarter, and operating income rose \$14 million to \$15 million. Market conditions in the pulp and paper industry continued to strengthen in the first quarter and prices improved for all of the Company's specialty pulp products, with chemical cellulose having its first significant price increase in several years. Price increases for the Company's high-value specialty pulps tend to lag those of commodity pulps. The Company expects to realize further price increases for its specialty pulp products in the second half of the year. However, reduced shipments due to scheduled spring maintenance downtime at the Company's pulp mills may cause 1995 second quarter operating income to be slightly below the first quarter.

Intersegment

First quarter intersegment sales of \$6 million in 1995 were greater than the comparable 1994 amount due to higher stumpage sales from the Timber and Wood Products segment to the Specialty Pulp Products segment.

OTHER ITEMS

Interest expense was \$9 million for the first quarter of 1995, up \$2 million from 1994 due to higher interest costs on the Company's variable rate debt.

Minority interest in the earnings of Rayonier's subsidiary, Rayonier Timberlands, L.P. (RTLTP), decreased \$2 million to \$9 million, due to the decrease in partnership earnings resulting from the lower Northwest stumpage volume partially offset by the favorable Southeast stumpage volume and prices. Rayonier's participation in the earnings of RTLTP will increase from approximately 76 percent to approximately 99 percent effective January 1, 2001.

The effective tax rate for the first quarter of 1995 was 33.3 percent versus 35.9 percent in the 1994 first quarter. This decrease reflects benefits from tax reorganizations made following the spin-off from ITT as well as tax benefits on increased pulp export sales.

NET INCOME

Net income for the first quarter was \$25 million or \$0.84 per common share, up \$3 million or \$0.11 per common share from 1994. The Company estimates that first quarter 1994 results included approximately \$7 million or \$0.23 per share from the unusual carry-over of stumpage harvest volume in the Northwest U.S.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities of \$15 million in the first quarter of 1995 declined from \$33 million in 1994 as a result of increased working capital needs due to strong overall market conditions. Cash from operating activities together with an increase in debt of \$27 million financed capital expenditures of \$31 million, common dividends of \$7 million and \$1 million (after tax benefits) of environmental remediation and other costs relating to discontinued operations and units held for disposition. The Company's debt/capital ratio was 43 percent at March 31, 1995 and December 31, 1994.

EBITDA (defined as earnings before interest expense, income taxes and depreciation, depletion and amortization) for the first quarter of 1995 of \$71 million or \$2.37 per share increased \$6 million or \$.18 per share over the comparable period of 1994.

As of March 31, 1995, the Company had \$28 million of bank loans and current maturities of long-term debt which includes medium-term notes scheduled to mature in the third quarter of 1995. The Company intends to refinance these notes with long-term securities issued in the public debt markets.

As of March 31, 1995, the Company had \$115 million of available borrowings under its revolving credit facilities. In addition, through currently effective shelf registration statements filed with the Securities and Exchange Commission, the Company may offer up to \$174 million of new public debt securities. The Company believes that internally generated funds combined with available external financing will enable Rayonier to fund capital expenditures, working capital and other liquidity needs for the foreseeable future.

ITEM 3. SELECTED OPERATING DATA

	THREE MONTHS ENDED MARCH 31,	
	1995	1994
	-----	-----
TIMBER AND WOOD PRODUCTS		
Log Sales Volume		
North America - millions of board feet	60	58
New Zealand - thousands of cubic meters	387	414
Other - millions of board feet	2	2
Timber Harvest Volume		
Northwest U.S. - millions of board feet	46	66
Southeast U.S. - thousands of short green tons	673	463
New Zealand - thousands of cubic meters	280	278
Lumber Sold - millions of board feet	41	47
Intercompany Sales		
Logs - millions board feet	1	-
Northwest U.S. Timber Stumpage - millions of board feet	7	8
Southeast U.S. Timber Stumpage - thousands of short green tons	165	27
SPECIALTY PULP PRODUCTS		
Pulp Sales Volume		
Chemical Cellulose - thousands of metric tons	105	97
Fluff and Specialty Paper Pulps - thousands of metric tons	93	89
Production as a Percentage of Capacity	100%	98%
SELECTED SUPPLEMENTAL INFORMATION (thousands of dollars)		
New Zealand - Sales	\$ 24,282	\$ 24,915
	=====	=====
New Zealand - Operating Income	\$ 3,693	\$ 3,202
	=====	=====

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Exhibit Index.
- (b) Rayonier Inc. did not file a report on Form 8-K during the quarter covered by this report.

SIGNATURE

Pursuant to the requirements of Section 13 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.

RAYONIER INC. (Registrant)

BY KENNETH P. JANETTE

Kenneth P. Janette
Vice President and Corporate Controller
(Chief Accounting Officer)

May 15, 1995

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----	LOCATION -----
2	Plan of acquisition, reorganization, arrangement, liquidation or succession	None
3.1	Amended and restated articles of incorporation	None
3.2	By-laws	None
4.1	\$100 million 364-day Revolving Credit Agreement dated as of April 14, 1995 among Rayonier Inc., as Borrower and the banks named therein, as Banks and Citibank, N.A., as Administrative Agent and Citicorp Securities, Inc. and the Toronto-Dominion Bank, as Arrangers	Filed herewith
4.2	\$200 million Revolving Credit Agreement dated as of April 14, 1995 among Rayonier Inc., as Borrower and the banks named therein, as Banks and Citibank, N.A., as Administrative Agent and Citicorp Securities, Inc. and the Toronto-Dominion Bank, as Arrangers	Filed herewith
10	Material contracts	None
11	Statement re computation of per share earnings	Not required
12	Statement re computation of ratios	Filed herewith
15	Letter re unaudited interim financial information	None
18	Letter re change in accounting principles	None
19	Report furnished to security holders	None
22	Published report regarding matters submitted to vote of security holders	None
23	Consents of experts and counsel	None
24	Power of attorney	None
27	Financial data schedule	Filed herewith
99	Additional exhibits	None

U.S. \$100,000,000

364-DAY REVOLVING CREDIT AGREEMENT

Dated as of April 14, 1995

Among

RAYONIER INC.,

as Borrower

and

THE BANKS NAMED HEREIN,

as Banks

and

CITIBANK, N.A.,

as Administrative Agent

and

CITICORP SECURITIES, INC.

and

THE TORONTO-DOMINION BANK,

as Arrangers

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Schedule 4.01(p) -	Post-Retirement Benefit Obligations
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Exhibits

Exhibit A-1 -	Form of A Note
Exhibit A-2 -	Form of B Note
Exhibit A-3 -	Form of C Note
Exhibit B-1 -	Form of Notice of A Borrowing
Exhibit B-2 -	Form of Notice of B Borrowing
Exhibit B-3 -	Form of Notice of C Borrowing
Exhibit C -	Form of Assignment and Acceptance
Exhibit D -	Form of Designation Agreement
Exhibit E -	Form of Opinion of Counsel for the Borrower
Exhibit F -	Borrower's Environmental Disclosure Report

REVOLVING CREDIT AGREEMENT

Dated as of April 14, 1995

RAYONIER INC., a North Carolina corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Banks") listed on the signature pages hereof, and Citibank, N.A. ("Citibank"), as Administrative Agent (the "Administrative Agent") for the Lenders (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"A Advance" means an advance by a Lender to the Borrower as part of an A Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of A Advance.

"A Borrowing" means a borrowing consisting of simultaneous A Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"A Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the A Advances made by such Lender.

"Advance" means an A Advance, a B Advance or a C Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Amendment" means Amendment No. 1 to the Existing Five-Year Credit Agreement, dated as of the date hereof, among the Borrower (as defined in the Existing Five-Year Credit Agreement), the Administrative Agent (as defined in the Existing Five-Year Credit Agreement) and the lenders party to the Existing Five-Year Credit Agreement, in form and substance satisfactory to the Administrative Agent.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a B Advance or a C Advance, the office of such Lender notified by such Lender to the Administrative Agent as its Applicable Lending Office with respect to such B Advance or the Borrower and the Administrative Agent as its Applicable Lending Office with respect to a C Advance, as the case may be.

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

Public Debt Rating S&P/Moody's -----	Applicable Margin for Eurodollar Rate Advances -----
Level 1 ----- BBB+/Baa1 or above	.2500%
Level 2 ----- BBB/Baa2	.2450%
Level 3 ----- Less than BBB/Baa2	.4500%

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

Public Debt Rating S&P/Moody's -----	Applicable Percentage -----
Level 1 ----- BBB+/Baa1 or above	.1000%
Level 2 ----- BBB/Baa2	.1300%
Level 3 ----- Less than BBB/Baa2	.1750%

"Arrangers" means Citicorp Securities and Toronto-Dominion.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender (other than a Designated Bidder) and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C hereto.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

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

"B Reduction" has the meaning specified in Section 2.01.

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

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

(b) the sum (adjusted to the nearest 1/4 of 1% or, if there is no nearest 1/4 of 1%, to the next higher 1/4 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

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

"Base Rate Advance" means an A Advance that bears interest as provided in Section 2.08(a)(i).

"Borrower's Environmental Disclosure Report" means the report prepared by the Borrower regarding certain environmental matters, attached hereto as Exhibit F.

"Borrower's Form 10-K for 1994" has the meaning specified in Section 4.01(f).

"Borrowing" means an A Borrowing, a B Borrowing or a C Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"C Advance" means an advance by a Lender to the Borrower as part of a C Borrowing resulting from the bidding procedure described in Section 2.04.

"C Borrowing" means a borrowing consisting of simultaneous C Advances from each of the Requested Lenders whose offer to make one or more C Advances as part of such borrowing has been accepted by the Borrower under the bidding procedure described in Section 2.04.

"C Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-3 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a C Advance made by such Lender.

"C Reduction" has the meaning specified in Section 2.01.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" has the meaning specified in Section 4.01(k).

"Citicorp Securities" means Citicorp Securities, Inc.

"Commercial Paper" means any unsecured promissory note of the Borrower with a maturity at the time of issuance not exceeding nine months, exclusive of days of grace, issued by the Borrower pursuant to a commercial paper program of the Borrower.

"Commitment" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on the signature pages hereof under the caption "Commitment" or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(g), as such amount may be reduced pursuant to Section 2.06.

"Confidential Information" means information that the Borrower furnishes to the Administrative Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender from a source other than the Borrower, that is not, to the best of the Administrative Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with the Borrower.

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

"Consolidated Assets" means on any date of determination, all amounts that are or should, in accordance with GAAP be included under assets on a Consolidated balance sheet of the Borrower and its Subsidiaries determined in accordance with GAAP as at such date.

"Convert", "Conversion" and "Converted" each refers to a conversion of A Advances of one Type into A Advances of the other Type pursuant to Section 2.09 or 2.10.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business and that are not overdue for a period that is not consistent with the ordinary course of business of such Person), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptance, letter of credit or similar facilities (other than obligations under (i) Trade Letters of Credit, (ii) performance bonds or letters of credit issued in connection with the purchase of inventory, including prepaid timber stumpage, by the Borrower or any of its Subsidiaries in the ordinary course of business, (iii) performance bonds or letters of credit to secure obligations under workers' compensation laws or similar legislation, (iv) performance bonds or letters of credit issued for the account of the Borrower or any of its Subsidiaries to secure obligations under self-insurance programs to the extent permitted by the terms of this Agreement and in an aggregate maximum available amount with respect to all such performance bonds and letters of credit not to exceed at any one time \$20,000,000 and (v) performance bonds or letters of credit issued for the account of the Borrower or any of its Subsidiaries not otherwise excluded from this definition in an aggregate maximum available amount with respect to all such performance bonds and letters of credit not to exceed at any one time \$2,000,000, provided that in each case such performance bond or letter of credit (including, without limitation, any Trade Letters of Credit but excluding performance bonds or letters of credit described in clause (f)(v) above) does not secure Debt), (g) all Guarantees issued by such Person and (h) all Debt referred to in clauses (a) through (g) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable

for the payment of such Debt. The Debt of any Person shall include the Debt of any partnership in which such Person is a general partner, but shall not include obligations under a financial assurance statement that a Person is required to provide under an Environmental Law in support of the closure and post-closure obligations of one or more Subsidiaries.

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

"Designated Bidder" means (a) an Affiliate of a Lender or (b) a special purpose corporation that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" by Moody's or "A-1" by S&P or a comparable rating from the successor of either of them, that, in either case, (x) is organized under the laws of the United States or any State thereof, (y) shall have become a party hereto pursuant to Section 8.07(d), (e) and (f) and (z) is not otherwise a Lender. Notwithstanding the foregoing, other than in the case of an Affiliate of a Lender, each Designated Bidder shall be subject to the prior written consent of the Borrower and the Administrative Agent, such consent not to be unreasonably withheld or delayed.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Bidder) and a Designated Bidder, and accepted by the Administrative Agent, in substantially the form of Exhibit D hereto.

"Disclosed Litigation" has the meaning specified in Section 4.01(f).

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

"EBITDA" means, for any Person during any period, earnings (income) from continuing operations before the cumulative effect of accounting changes and any provision for dispositions, income taxes, interest expense and depreciation, depletion and amortization.

"Effective Date" means the first date on which the conditions set forth in Section 3.01 have been satisfied.

"Eligible Assignee" means (a) any Lender; (b) an Affiliate of a Lender; (c) a commercial bank organized under the laws of the United States, or any State thereof,

and having total assets in excess of \$10,000,000,000; (d) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow or of the Cayman Islands, or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, so long as such bank is acting through a branch or agency located in the country in which it is organized or another country that is described in this clause (d); (e) the central bank of any country that is a member of the Organization for Economic Cooperation and Development; and (f) any other Person approved by the Administrative Agent and the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that (x) each Eligible Assignee shall maintain a branch or representative office or similar presence in the United States and (y) neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any (a) administrative, regulatory or judicial action, suit, written demand, demand letter, written claim, notice of noncompliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment including, without limitation, (i) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (ii) by any governmental or regulatory authority for damages, contribution, indemnification, cost recovery, compensatory or injunctive relief; and (b) any administrative, regulatory or judicial action, suit or proceeding brought by any third party properly before a forum of competent jurisdiction relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Law" means any applicable federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to the environment, health, safety or Hazardous Materials all as amended or hereafter amended.

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

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

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

"ERISA Event" means (a)(i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the cessation of operations at a facility of the Borrower or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (d) the withdrawal by the Borrower or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (e) the failure by the Borrower or any of its ERISA Affiliates to make a payment to a Plan if the conditions for the imposition of a lien under Section 302(f)(1) of ERISA are satisfied; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

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

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

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same A Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a

multiple) of the rate per annum at which deposits in U.S. dollars are offered to the Reference Banks by prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such A Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same A Borrowing shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received by the Administrative Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Eurodollar Rate Advance" means an A Advance that bears interest as provided in Section 2.08(a)(ii).

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

"Events of Default" has the meaning specified in Section 6.01.

"Existing 364-Day Credit Agreement" means the 364-day Revolving Credit Agreement, dated as of April 21, 1994, among the Borrower, certain banks and other financial institutions party thereto, Citibank, N.A., as administrative agent, and Citicorp Securities and Toronto-Dominion, as arrangers.

"Existing Five-Year Credit Agreement" means the five-year Revolving Credit Agreement, dated as of April 21, 1994, among the Borrower, certain banks and other financial institutions party thereto, Citibank, N.A., as administrative agent, and Citicorp Securities and Toronto-Dominion, as arrangers.

"Existing Subsidiary Debt" has the meaning specified in Section 5.02(d)(ii).

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

"Fiscal Quarter" means each consecutive three calendar month period ending March 31, June 30, September 30 or December 31 of any fiscal year.

"GAAP" has the meaning specified in Section 1.03.

"Guarantee" by any Person, means any obligation, contingent or otherwise, of such Person guaranteeing directly or indirectly in any manner the Debt of any other Person, or in effect guaranteeing directly or indirectly the Debt of any other Person through an agreement (i) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss.

"Hazardous Materials" means petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, radon gas and any other chemicals, materials or substances designated, classified or regulated as being "hazardous" or "toxic," or words of similar import, under any applicable Environmental Law.

"Indemnified Liabilities" has the meaning specified in Section 8.04(b).

"Indemnified Party" has the meaning specified in Section 8.04(b).

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same A Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such

Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 12:00 Noon (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

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

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same A Borrowing shall be of the same duration;

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

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

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

"Lenders" means the Banks listed on the signature pages hereof, each institution that shall become a party hereto pursuant to Section 8.07(a), (b) and (c) and, except when used in reference to an A Advance, an A Borrowing, an A Note, a Commitment, a C Advance, a C Borrowing, a C Note or a term related to any of the foregoing, each Designated Bidder.

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

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any Note.

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

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

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any of its ERISA Affiliates and at least one Person other than the Borrower and its ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any of its ERISA Affiliates could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Note" means an A Note, a B Note or a C Note.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(a)(i).

"Notice of C Borrowing" has the meaning specified in Section 2.04(a)(i).

"NPL" has the meaning specified in Section 4.01(k).

"Other Taxes" has the meaning specified in Section 2.15(b).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as

materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a reasonable period and which, individually or when aggregated with all other Permitted Liens outstanding on any date, do not materially affect the use of the property to which they relate; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way, encumbrances and minor defects or irregularities in title to real property not interfering in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries.

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

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

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower. For purposes of the foregoing, (a) if no Public Debt Rating shall be available from either S&P or Moody's, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 3 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (b) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Margin and the Applicable Percentage shall be based upon the lower rating; (d) if any rating established by S&P or Moody's shall be changed, the change in Applicable Margin and the Applicable Percentage shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Banks" means Citibank, Toronto-Dominion and The Chase Manhattan Bank, N.A.

"Register" has the meaning specified in Section 8.07(g).

"Requested Lender" has the meaning specified in Section 2.04(a)(i).

"Required Lenders" means, at any time, Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the A Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Commitments.

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

"Significant Subsidiary" means, at any time, a Subsidiary of the Borrower having (a) at least 10% of the total Consolidated Assets of the Borrower and its Subsidiaries (determined as of the last day of the most recent Fiscal Quarter of the Borrower ended on or prior to such date) or (b) at least 5% of the Consolidated revenues of the Borrower and its Subsidiaries for the four most recent Fiscal Quarters of the Borrower ended on or prior to such date.

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

"Specified Date" has the meaning specified in Section 8.10.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. With respect to the Borrower, GHP Leasing Company shall not constitute a Subsidiary of the Borrower to the extent that GHP Leasing Company is a corporation in which neither the Borrower nor any of its Subsidiaries shall own more than 50% of the capital stock of the type described in clause (a) above.

"Tangible Net Worth" means, with respect to any Person as of any date of determination, the excess of total assets over total liabilities, total assets and total liabilities each to be determined in accordance with GAAP, excluding, however, from the determination of total assets, (a) goodwill, experimental or organizational

expenses, research and development expenses, franchises, trademarks, service marks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (b) all unamortized debt discount and expense, (c) treasury stock and capital stock, obligations or other securities of, or capital contributions to, or investments in, any Subsidiary, and (d) any items not included in clauses (a) through (c) above which are treated as intangibles in conformity with GAAP, in each case, determined on a Consolidated basis and in accordance with GAAP.

"Taxes" has the meaning specified in Section 2.15(a).

"Termination Date" means the earlier of (a) subject to the provisions of Section 8.10, the 364th day after the date hereof and (b) the date of termination in whole of the Commitments pursuant to Section 2.06 or 6.01.

"Toronto-Dominion" means The Toronto-Dominion Bank.

"Trade Letter of Credit" means any letter of credit that is issued for the benefit of a supplier of inventory or provider of a service necessary for the conduct of the business of the Borrower or any of its Subsidiaries (other than any financial services) to the Borrower or any of its Subsidiaries to effect payment for such inventory or service.

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

"Withdrawal Liability" has the meaning specified in Part 1 of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles as in effect from time to time ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF LOANS

SECTION 2.01. The A Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount not to exceed at any time outstanding such Lender's Commitment, provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the B Advances and the C Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be allocated among the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments to the extent of the aggregate amount of B Advances then outstanding being a "B Reduction" and, to the extent of the aggregate amount of C Advances then outstanding being a "C Reduction"). Each A Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of A Advances of the same Type and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.11 and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice, given not later than 12:00 Noon (New York City time) on the third Business Day prior to the date of the proposed A Borrowing (in the case of an A Borrowing to be comprised of Eurodollar Rate Advances) and given not later than 11:00 A.M. (New York City time) on the Business Day of the proposed A Borrowing (in the case of an A Borrowing to be comprised of Base Rate Advances), by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier or by telex. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be by telecopier or by telex, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing consisting of Eurodollar Rate Advances, the initial Interest Period for each such A Advance. Each Lender shall on the date of such A Borrowing, before 11:00 A.M. (New York City time), in the case of an A Borrowing to be comprised of Eurodollar Rate Advances, and before 1:00 P.M. (New York City time), in the case of an A Borrowing to be comprised of Base Rate Advances, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such A Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III,

the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(b) Anything in subsection (a) above to the contrary notwithstanding, the Borrower may not select Eurodollar Rate Advances for any A Borrowing if the obligation of the Lenders to make Eurodollar Rate Loans shall then be suspended pursuant to Section 2.09 or 2.13.

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrower. In the case of any A Borrowing that the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the A Advance to be made by such Lender as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any A Borrowing (in the case of an A Borrowing to be comprised of Eurodollar Rate Advances) and not later than 12:00 Noon (New York City time) on the Business Day of the proposed A Borrowing (in the case of an A Borrowing to be comprised of Base Rate Advances) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such A Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at such time to the A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's A Advance as part of such A Borrowing for purposes of this Agreement.

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

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower may make B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Effective Date until the date occurring 30 days prior to the Termination Date in the manner set forth below, provided that (x) each B Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and, (y) following the making of each B Borrowing, the aggregate amount of all Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders.

(i) The Borrower may request a B Borrowing under this Section 2.03 by delivering to the Administrative Agent, by telecopier or by telex, confirmed immediately in writing, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed B Borrowing, the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than the date occurring 30 days after the date of such B Borrowing or later than the earlier of (x) 180 days after the date of such B Borrowing and (y) the Termination Date), the interest payment date or dates relating thereto, and any other terms to be applicable to such B Borrowing, not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed B Borrowing, if the Borrower shall specify in the Notice of B Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum, and (B) at least four Business Days prior to the date of the proposed B Borrowing, if the Borrower shall instead specify in the Notice of B Borrowing the basis to be used by the Lenders in determining the rates of interest to be offered by them. The Administrative Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower by sending such Lender a copy of the applicable Notice of B Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more B Advances to the Borrower as part of such proposed B Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) (x) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (y) three Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, of the minimum amount and maximum amount of each B Advance that such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to the first sentence of Section 2.03(a), exceed such Lender's Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such B Advance, provided that if the Administrative Agent in its capacity as a Lender

shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing, provided that the failure by any Lender to give such notice shall not in any event cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing.

(iii) The Borrower shall, in turn, (x) before 11:00 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (y) before 11:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, either:

(A) cancel such B Borrowing by giving the Administrative Agent notice to that effect, or

(B) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in order of the lowest to highest rates of interest or margins (or, if two or more Lenders bid at the same rate of interest, and the amount of accepted offers is less than the aggregate amount of such offers, the amount to be borrowed from such Lenders as part of such B Borrowing shall be allocated among such Lenders pro rata on the basis of the maximum amount offered by such Lenders at such rates or margin in connection with such B Borrowing), by giving notice to the Administrative Agent of the amount of each B Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Administrative Agent on behalf of such Lender for such B Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such B Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Administrative Agent notice to that effect.

(iv) If the Borrower notifies the Administrative Agent that such B Borrowing is cancelled pursuant to subsection (iii)(A) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(B) above, the Administrative Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such B Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (C) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 Noon (New York City time) on the date of such B Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Administrative Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02 such Lender's portion of such B Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address. The Administrative Agent will promptly on the date of each B Borrowing notify each Lender of the amount of the B Borrowing, the consequent B Reduction, and the dates upon which such B Reduction commenced and will terminate and the range of interest rates with respect to the B Advances made as part of such B Borrowing.

(b) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay pursuant to subsection (c) below and reborrow under this Section 2.03.

(c) The Borrower shall repay to the Administrative Agent for the account of each Lender that has made a B Advance, or each other holder of a B Note on the maturity date of such B Advance (such maturity date being that specified by the Borrower for repayment in the related Notice of B Borrowing and provided in the B Note evidencing such B Advance), the then unpaid principal amount of such B Advance. The Borrower shall not have the right to prepay any B Advance.

(d) The Borrower shall pay interest on the unpaid principal amount of each B Advance from the date of such B Advance until the date the principal amount of such B Advance is paid in full at the rate of interest for such B Advance specified by the Lender making such B Advance in its notice delivered pursuant to subsection (a)(ii) above on the interest date or dates specified by the Borrower for such B Advance in the related Notice of B Borrowing and set forth in the B Note evidencing such B Advance.

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

(f) Following the making of each B Borrowing, the Borrower shall be in compliance with the limitation set forth in clause (y) of the proviso to the first sentence of Section 2.03(a).

(g) The Borrower shall pay to the Administrative Agent for its own account such fees as may be agreed between the Borrower and the Administrative Agent in connection with each request for a B Borrowing whether or not any B Borrowing is in fact made.

SECTION 2.04. The C Advances. (a) Each Lender severally agrees that the Borrower may make C Borrowings under this Section 2.04 from time to time on any Business Day during the period from the Effective Date until the Termination Date in the manner set forth below, provided that (x) each C Borrowing shall be in an aggregate amount of \$500,000 or an integral multiple of \$100,000 in excess thereof and (y) following the making of each C Borrowing (A) the aggregate amount of all C Advances then outstanding shall not exceed \$10,000,000 and (B) the aggregate amount of all Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders.

(i) The Borrower may request a C Borrowing by delivering to at least three Lenders selected in its sole discretion (each such Lender, a "Requested Lender"), by telecopier or by telex, confirmed immediately in writing, a notice of a C Borrowing (a "Notice of C Borrowing") with a copy thereof to the Administrative Agent, in substantially the form of Exhibit B-3 hereto, specifying the date and aggregate amount of the proposed C Borrowing, the maturity date for repayment of each C Advance to be made as part of such C Borrowing (which maturity date may not be later than the earlier of (x) the date occurring 30 days after the date of such C Borrowing and (y) the Termination Date), the interest payment date or dates relating thereto, the basis to be used by Requested Lenders in determining the rates of interest to be offered by them, the time at which such C Advance is to be made, the time by which such Requested Lender's response is due and the time by which the Borrower will accept or reject offers made by the Requested Lenders, and any other terms to be applicable to such C Borrowing.

(ii) Each Requested Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more C Advances to the Borrower as part of such proposed C Borrowing at a rate or rates of interest specified by such Requested Lender in its sole discretion, by notifying the Borrower at or before the time specified in the applicable Notice of C Borrowing of the minimum amount and maximum

amount of each C Advance that such Requested Lender would be willing to make as part of such C Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.04(a), exceed such Lender's Commitment), the rate or rates of interest therefor and such Requested Lender's Applicable Lending Office with respect to such C Advance.

(iii) The Borrower shall, in turn, before the time specified therefor in the applicable Notice of C Borrowing either (A) cancel such C Borrowing by giving the Requested Lenders and the Administrative Agent notice to that effect, or (B) accept one or more of the offers made by a Requested Lender pursuant to paragraph (ii) above by promptly giving notice to each such Requested Lender and the Administrative Agent of the amount of the C Advance to be made by such Requested Lender or Lenders and provide each such Requested Lender that is to make a C Borrowing the documents required by the applicable conditions set forth in Article III. The Borrower's election to accept or reject any offers made to it by a Requested Lender pursuant to paragraph (ii) above shall be made in its sole discretion regardless of the terms and conditions of any offer made by any Requested Lender. Upon fulfillment of the conditions set forth in Article III, each Requested Lender will make its portion of such C Borrowing available to the Borrower by transferring the amount of its C Advance to such account as is notified by the Borrower to such Requested Lender.

(iv) On the date on which the Borrower makes a request for a C Borrowing and on each date on which a C Borrowing is made, the Borrower shall promptly (and in any event no later than 3:00 P.M. (New York City time) on such day) notify the Administrative Agent of (x) such request for a C Borrowing, including the aggregate amount of the proposed C Borrowing, the consequent C Reduction and the dates upon which such C Reduction will terminate, the maturity date for repayment of each C Advance and the basis to be used by each Requested Lender in determining the rates of interest being offered by them and (y) the date of any C Borrowing, the aggregate amount of such C Borrowing, the consequent C Reduction, each Lender making a C Advance, the interest rate and the maturity date of each C Advance to be made as part of such C Borrowing and such other information relating to such C Borrowing as the Administrative Agent may reasonably request; provided, however, if the Borrower shall be making an A Borrowing or B Borrowing on the date on which a C Advance is to be made, the Borrower shall provide the Administrative Agent with the information set forth in clauses (x) and (y) above prior to the time such A or B Borrowing is to be made. In addition, if after making a request therefor the Borrower cancels such C Borrowing, the Borrower shall promptly notify each Lender of such cancellation. Promptly after each C Borrowing, the Administrative Agent will notify each Lender of the amount of the C Borrowing, the consequent C Reduction and the date upon which such C Reduction commenced and will terminate and the maturity date for repayment of each C Advance. The obligation of the Administrative Agent

to provide the Lenders with the information described in the preceding sentence is limited by the extent to which the Administrative Agent, on or prior to the time set forth above, shall have previously received such information from the Borrower. All payments with respect to each C Advance shall be made not later than 11:00 A.M. (New York City time) on the date when due in U.S. dollars, to the Lender making such C Advance at its Applicable Lending Office or such other office as such Lender may specify in writing to the Borrower in same day funds. The Borrower shall promptly provide (and in any event no later than 12:00 Noon (New York City time) on such day) the Administrative Agent with notice of its payment to a Lender of any amount payable with respect to a C Advance, the name of the Lender such payment was made to and the amount of such payment.

(b) Within the limits and on the conditions set forth in this Section 2.04, the Borrower may from time to time borrow under this Section 2.04, repay pursuant to subsection (c) below and reborrow under this Section 2.04.

(c) The Borrower shall repay to each Lender that has made a C Advance, or each other holder of a C Note on the maturity date of such C Advance (such maturity date being that specified by the Borrower for repayment in the related Notice of C Borrowing and provided in the C Note evidencing such C Advance), the then unpaid principal amount of such C Advance. The Borrower shall not have the right to prepay any C Advance.

(d) The Borrower shall pay interest on the unpaid principal amount of each C Advance from the date of such C Advance until the date the principal amount of such C Advance is paid in full at the rate of interest for such C Advance specified by the Lender making such C Advance in the notice delivered pursuant to subsection (a)(ii) above on the interest date or dates specified by the Borrower for such C Advance in the related Notice of C Borrowing and set forth in the C Note evidencing such C Advance.

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

(f) Following the making of each C Borrowing, the Borrower shall be in compliance with the limitations set forth in clause (y) of the proviso to the first sentence of Section 2.04(a).

(g) The Borrower shall not be required to pay to the Administrative Agent any separate fees in connection with any C Borrowing or C Advance.

SECTION 2.05. Fees. (a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender (other than a Designated Bidder) a facility fee on the aggregate amount of such Lender's Commitment, if any, from the date

hereof in the case of each Bank and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each such other Lender until the Termination Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 1995, and on the Termination Date.

(b) Administrative Agent's Fees. The Borrower shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Administrative Agent.

SECTION 2.06. Termination or Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the sum of the aggregate principal amount of the B Advances then outstanding and the aggregate principal amount of the C Advances then outstanding, and provided further, that each partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

SECTION 2.07. Repayment of A Advances. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the principal amount of the A Advances then outstanding.

SECTION 2.08. Interest on A Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each A Advance owing to each Lender from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such A Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such A Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such A Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. At any time during which the Borrower shall fail (i) to pay any principal of any Advance, any interest on any Advance or make any other payment in connection with this Agreement when the same becomes due and payable or (ii) to perform or observe any term, covenant or agreement contained in Section 5.03, the Borrower shall pay interest on (x) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (y) the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.09. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.08(a)(i) or (ii), and the applicable rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.08(a)(ii).

(c) If fewer than two Reference Banks furnish timely information to the Administrative Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Administrative Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances,

(ii) each such A Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such A Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make, or to Convert A Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(e) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(f) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any A Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$10,000,000, such Advances shall automatically Convert into Base Rate Advances, and on and after such date the right of the Borrower to Convert such A Advances into Eurodollar Rate Advances shall terminate.

SECTION 2.10. Optional Conversion of A Advances. The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09, 2.13 and 2.14, Convert all A Advances of one Type comprising the same Borrowing into A Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the A Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the Interest Period for each such A Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.11. Optional Prepayments of A Advances. The Borrower may, upon at least one Business Day's notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal amounts of the A Advances comprising part of the

same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.12. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that, any Lender claiming additional amounts under this Section 2.12 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if such change would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

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

SECTION 2.13. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its

Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert A Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Administrative Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Base Rate Advances in accordance with Section 2.10.

SECTION 2.14. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the A Notes and the B Notes not later than 12:00 Noon (New York City time) on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.12, 2.15 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. All payments under the C Notes will be made in accordance with Section 2.04(a)(iv). Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(g), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the A Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of facility fees shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate

Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

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

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes

or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.15) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

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

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Bank and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide the Borrower with Internal Revenue Service form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party that reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement or the Notes is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from "Taxes" as defined in Section 2.15(a).

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

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

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

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for working capital and general corporate purposes of the Borrower and its Subsidiaries, including, without limitation, making repayments with respect to Commercial Paper and other similar loan programs.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Sections 2.01, 2.03 and 2.04. Sections 2.01, 2.03 and 2.04 of this Agreement shall become effective as of the Effective Date, subject to the conditions precedent that:

(a) There shall have occurred no Material Adverse Change since December 31, 1994.

(b) There shall exist no action, suit, investigation, litigation or proceeding, including any Environmental Action, affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect, except as set forth in the Borrower's Environmental Disclosure Report or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

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

(d) The Borrower shall have paid all accrued fees and expenses of the Administrative Agent and the Arrangers (including the accrued fees and expenses of counsel to the Administrative Agent and the Arrangers then due and payable).

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

(A) the representations and warranties contained in Section 4.01 are correct on and as of the Effective Date; and

(B) no event has occurred and is continuing that constitutes a Default.

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

(i) The A Notes to the order of the Lenders, respectively.

(ii) The Amendment, duly executed by the Borrower and the "Required Lenders" (as such term is defined in the Existing Five-Year Credit Agreement) thereunder.

(iii) Certified copies of (x) the resolutions of the Board of Directors of the Borrower approving this Agreement, the Notes and the Amendment, and (y) the Borrower's charter and by-laws and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement, the Notes and the Amendment.

(iv) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement, the Notes and the Amendment and the other documents to be delivered hereunder.

(v) A favorable opinion of John B. Canning, Corporate Secretary and Associate General Counsel of the Borrower, substantially in the form of Exhibit E hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

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

(vii) Federal Reserve Forms U-1 provided for in Regulation U, the statements made in which shall be such as to permit the transactions contemplated hereby in accordance with Regulation U.

(g) The Borrower shall have paid all amounts payable under the Existing 364-Day Credit Agreement and the commitments of the lenders thereunder shall have been terminated in whole pursuant to a notice of termination received by the Administrative Agent (as defined in the Existing 364-Day Credit Agreement) from the Borrower (as defined in the Existing 364-Day Credit Agreement) in accordance with Section 2.06 thereof.

(h) The Amendment shall be in full force and effect.

SECTION 3.02. Conditions Precedent to Each A Borrowing. The obligation of each Lender to make an A Advance on the occasion of each A Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such A Borrowing (a) the following statements shall be true (and each of the giving of the applicable Notice of A Borrowing and the acceptance by the Borrower of the proceeds of such A Borrowing shall constitute a representation and warranty by the Borrower that on the date of such A Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (except the representations set forth in subsection (e) and subsection (f) thereof) are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

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

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

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender that is to make a B Advance on the occasion of each B Borrowing to make such B Advance as part of such B Borrowing is subject to the conditions precedent that the Effective Date shall have occurred and (a) the Administrative Agent shall have received the Notice of B Borrowing with respect thereto, (b) on or before the date of such B Borrowing, but prior to such B Borrowing, the Administrative Agent shall have received a B Note payable to the order of such Lender for each of the one or more B Advances to be made by such Lender as part of such B Borrowing, in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.03, and (c) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower of the proceeds of such B Borrowing shall constitute a representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (except the representations set forth in subsection (e) and subsection (f) thereof) are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

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

(iii) no event has occurred and no circumstance exists as a result of which the information concerning the Borrower that has been provided to the Administrative Agent and each Lender by the Borrower in connection herewith would include any untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3.04. Conditions Precedent to Each C Borrowing. The obligation of each Lender that is to make a C Advance on the occasion of each C Borrowing to make such C Advance as part of such C Borrowing is subject to the conditions precedent that the Effective Date shall have occurred and (a) such Lender and the Administrative Agent shall have received the Notice of C Borrowing with respect thereto, (b) on or before the date of such C Borrowing, but prior to such C Borrowing, such Lender shall have received a C Note payable to the order of such Lender for each of the one or more C Advances to be made by such Lender as part of such C Borrowing, in a principal amount equal to the principal amount of the C Advance to be evidenced thereby and otherwise on such terms as were agreed to for such C Advance in accordance with Section 2.04, and (c) on the date of such C Borrowing the following statements shall be true (and each of the giving of the applicable Notice of C Borrowing and the acceptance by the Borrower of the proceeds of such C Borrowing shall constitute a representation and warranty by the Borrower that on the date of such C Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (except the representations set forth in subsection (e) and subsection (f) thereof) are correct on and as of the date of such C Borrowing, before and after giving effect to such C Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

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

(iii) no event has occurred and no circumstance exists as a result of which the information concerning the Borrower that has been provided to the Administrative Agent and each Lender by the Borrower in connection herewith would include any untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3.05. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the proposed Effective Date, as notified by the Borrower to the Lenders, specifying its objection thereto.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

- (a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina.
- (b) The execution, delivery and performance by the Borrower of this Agreement, the Notes and the consummation of the transactions contemplated hereby (including, without limitation, the Amendment) are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.
- (c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement, the Notes or the Amendment.
- (d) This Agreement and the Amendment are, and each of the Notes when executed and delivered hereunder will be, the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.
- (e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 1994, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Arthur Andersen L.L.P., independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial

condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the fiscal year then ended, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 1994, there has been no Material Adverse Change.

(f) There is no pending or, to the knowledge of the Borrower, threatened action or proceeding, including any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect, other than the matters described on the Borrower's Environmental Disclosure Report (the "Disclosed Litigation"), or (ii) purports to affect the legality, validity or enforceability of this Agreement, the Amendment or any Note, and since the date the Borrower's Environmental Disclosure Report was prepared there has been no adverse change (other than an adverse change of an inconsequential nature) in the status, or financial effect on the Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described in the Borrower's Environmental Disclosure Report. Schedule 4.01(f) sets forth any action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened before any court, governmental agency or arbitrator that the Borrower has disclosed in its Form 10-K for the fiscal year ended December 31, 1994, as filed with the Securities and Exchange Commission (the "Borrower's Form 10-K for 1994").

(g) No written information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or included herein or delivered pursuant hereto contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(h) No proceeds of any Advance will be used to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

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

(j) (A) Except as set forth in the Borrower's Environmental Disclosure Report, the operations and properties of the Borrower and each of its Subsidiaries comply in all material respects with all Environmental Laws, all material and necessary Environmental Permits have been obtained and are in effect for the

operations and properties of the Borrower and each of its Subsidiaries, and the Borrower and each of its Subsidiaries are in compliance in all material respects with all such Environmental Permits.

(B) Except as set forth in the Borrower's Form 10-K for 1994 and in the Borrower's Environmental Disclosure Report, and except for the potential effect of the proposed new regulations for the control of pollutants from pulp and paper mills as published by the U.S. Environmental Protection Agency in the December 17, 1993 Federal Register (Volume 58, Federal Register, 66078), to the knowledge of the Borrower, there are no circumstances that are reasonably likely to form the basis of an Environmental Action against the Borrower or any of its Subsidiaries that could be reasonably likely to have a Material Adverse Effect.

(k) Except as set forth in the Borrower's Environmental Disclosure Report, none of the properties currently or formerly owned or operated by the Borrower or any of its Subsidiaries is listed or, to the knowledge of the Borrower, proposed for listing on the National Priorities List under CERCLA (the "NPL") or on the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency ("CERCLIS") or any analogous state list; and no underground storage tanks, as such term is defined in 42 U.S.C. ss. 6991, are located on any property currently or formerly owned or operated by the Borrower or any of its Subsidiaries that could reasonably be likely to have a Material Adverse Effect.

(l) Except as set forth in the Borrower's Environmental Disclosure Report, to the knowledge of the Borrower, neither the Borrower nor any of its Subsidiaries has transported or arranged for the transportation of any Hazardous Materials to any location that is listed or proposed for listing on the NPL or on the CERCLIS, which could reasonably be likely to lead to claims against the Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury that have, or could reasonably be likely to have, a Material Adverse Effect.

(m) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(n) Neither the Borrower nor any of its ERISA Affiliates has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(o) Neither the Borrower nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(p) Except as set forth in Schedule 4.01(p), the Borrower and its Subsidiaries have no material liability with respect to "accumulated post-retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

(q) As of the last annual actuarial valuation date, the "current liability," as defined in Section 412 of the Internal Revenue Code, under each Plan does not exceed the fair market value of the assets of such plan and there has been no material adverse change in the funding status of such Plan since such date.

(r) On the Effective Date, the only Advances (as defined in the Existing Five-Year Credit Agreement) outstanding will be (i) a B Advance (as defined in the Existing Five-Year Credit Agreement) in a principal amount of \$25,000,000 which matures on April 21, 1995 and (ii) a B Advance (as defined in the Existing Five-Year Credit Agreement) in a principal amount of \$35,000,000 which matures on April 26, 1995.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with (i) ERISA and (ii) Environmental Laws to the extent set forth in Section 5.01(d).

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(c) Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, or in the case of any trade payable before such trade payable becomes Debt, except where the amount or validity thereof is currently being contested in good faith and by appropriate proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(d) Compliance with Environmental Laws. (i) Comply and cause each of its Subsidiaries to comply, in all material respects, with all Environmental Laws and Environmental Permits that are material to the conduct of the business of the Borrower or any of its Subsidiaries or necessary for their operations and properties, and (ii) obtain and renew, and cause each of its Subsidiaries to obtain and renew, all Environmental Permits that are material to the conduct of the business of the Borrower or any of its Subsidiaries or necessary for their operations and properties; except, with respect to (i) and (ii) above, to the extent that any such Environmental Law or the terms of any Environmental Permit are being contested in good faith and by proper proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(e) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance (including self-insurance, in amounts consistent with industry practice and custom) with responsible insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates.

(f) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise or the corporate existence of any Subsidiary of the Borrower if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower and its Subsidiaries taken as a whole or the Lenders.

(g) Visitation Rights. At any reasonable time and from time to time, upon reasonable prior notice, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of the Borrower and any of its Subsidiaries, as shall be reasonably requested, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers and with their independent certified public accountants.

(h) Preparation of Environmental Reports. If an Event of Default, based either on (i) a breach of any of the representations and warranties contained in Section 4.01(f) (to the extent such Section relates to environmental matters), (j), (k) or (l) or (ii) noncompliance with the covenant contained in Section 5.01(d), shall have occurred and be continuing for more than 30 days, at the request of the Required Lenders, provide to the Lenders within 60 days after such request, at the expense of the Borrower, an environmental site assessment report for the properties relating to such breach or noncompliance and as described in such request, prepared by an environmental consulting firm reasonably acceptable to the Required Lenders, indicating the presence or absence of Hazardous Materials, where appropriate, and the estimated cost of any compliance, removal or remedial action in connection with any Hazardous Materials on such properties; without limiting the generality of the foregoing, if the Required Lenders reasonably determine at any time that a material risk exists that any such report will not be provided within the time referred to above, the Required Lenders may retain an environmental consulting firm prior to prepare such report, at the expense of the Borrower (provided that prior to the commencement of

work by an environmental consulting firm retained by the Required Lenders in connection herewith, the Required Lenders provide the Borrower with the identity of such consulting firm, the scope of the assignment and a copy of the budget provided by such consulting firm in connection with such assignment), and the Borrower hereby grants and agrees to cause any Subsidiary that owns any property described in such request to grant at the time of such request, to the Administrative Agent, the Lenders, such firm and any agents or representatives thereof a limited (for the duration of such assessment) irrevocable license, subject to the rights of tenants, to enter onto their respective properties to undertake such an assessment upon reasonable prior notice to the Borrower and in a manner that will not materially interrupt or disrupt the business operations of the Borrower or its Subsidiaries or tenants.

(i) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which appropriate entries that are correct in all material respects shall be made, of all financial transactions and the assets and business of the Borrower and each such Subsidiary so as to permit preparation of their Consolidated financial statements in accordance with GAAP.

(j) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or, in the reasonable judgment of the Borrower or such Subsidiary, useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

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

(i) transactions among the Borrower and any of its wholly owned Subsidiaries; and

(ii) transactions among wholly owned Subsidiaries of the Borrower.

(l) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, Consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Borrower as having been prepared in accordance with GAAP, together with

(a) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto and (b) a schedule in form and substance satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in Section 5.03;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing Consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion reasonably acceptable to the Required Lenders by Arthur Andersen L.L.P. or other independent public accountants acceptable to the Required Lenders, together with (a) a certificate of the chief financial officer of the Borrower stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto and (b) a schedule in form and substance satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in Section 5.03;

(iii) promptly after the Borrower becomes aware of and in any event within two Business Days after becoming aware of each Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

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

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

(vi) promptly and in any event within 10 days after the Borrower or any of its ERISA Affiliates knows that any ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA

Event and the action, if any, that the Borrower or such ERISA Affiliate has taken and proposes to take with respect thereto;

(viii) promptly and in any event within three Business Days after receipt thereof by the Borrower or any of its ERISA Affiliates, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any such Plan;

(ix) promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan;

(x) promptly and in any event within five Business Days after receipt thereof by the Borrower or any of its ERISA Affiliates from the sponsor of a Multiemployer Plan, copies of each notice concerning (x) the imposition of Withdrawal Liability by any such Multiemployer Plan, (y) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (z) the amount of liability incurred, or that may be incurred, by the Borrower or any of its ERISA Affiliates in connection with any event described in clause (x) or (y);

(xi) (A) as soon as practical and in any event promptly after the receipt thereof by the Borrower, copies of all written claims, complaints, notices or inquiries relating to compliance by the Borrower or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be likely to have a Material Adverse Effect or could reasonably be likely to (x) form the basis of an Environmental Action against the Borrower or any of its Subsidiaries or such property that could reasonably be likely to have a Material Adverse Effect or (y) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could reasonably be likely to have a Material Adverse Effect and (B) on or before every March 31 and September 30, commencing on or before September 30, 1995, a report regarding environmental matters containing the type of information set forth in the Borrower's Environmental Disclosure Report; and

(xii) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding any of the foregoing, at any time when the Borrower is subject to the reporting requirements of Section 13(a)(2) of the Securities Exchange Act of 1934, the Borrower shall be deemed to have complied with the requirements of clauses (i), (ii) and (v) above, if the Borrower shall deliver such information to the Administrative Agent promptly after the filing thereof with the Securities and Exchange Commission by the Borrower and in any event within three Business Days after such filing.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

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

(i) Permitted Liens,

(ii) purchase money Liens upon or in any property acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the acquisition of such property, or Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property being acquired, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced,

(iii) the Liens described on Schedule 5.02(a),

(iv) other Liens securing Debt outstanding in an aggregate principal amount (as to the Borrower and all of its Subsidiaries) not to exceed \$25,000,000, and

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

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions)

all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (i) any wholly owned Subsidiary of the Borrower may merge or consolidate with or into, or dispose of all or substantially all of its assets to, any other wholly owned Subsidiary of the Borrower, (ii) any wholly owned Subsidiary of the Borrower may merge into or dispose of all or substantially all of its assets to the Borrower, and (iii) the Borrower may merge with any other Person, provided in each case that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom and, in the case of any merger to which the Borrower is a party, (A) the Borrower is the surviving corporation, (B) after giving effect to the consummation of such merger, (x) the Consolidated Tangible Net Worth of the Borrower and its Subsidiaries shall be no less than the Consolidated Tangible Net Worth of the Borrower and its Subsidiaries immediately prior to such merger, (y) the Borrower's Public Debt Rating from each of S&P and Moody's shall be the same or better than immediately prior to the merger (except that in the event that the Borrower's Public Debt Rating has increased after the Effective Date, the Borrower's Public Debt Rating shall be the same or better than the Borrower's Public Debt Rating on the Effective Date) and (z) the Borrower shall be in compliance with the covenant set forth in Section 5.03 (calculated on a pro forma basis, as of the date of the consummation of such merger) and (C) the Borrower shall be in the same line of business as conducted by it immediately prior to such merger.

(c) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except (i) as permitted by Section 5.02(b), (ii) any such sale, lease, transfer or disposition that is made in the ordinary course of its business, (iii) any such sale, lease, transfer or disposition by a Subsidiary of the Borrower to the Borrower or to another wholly owned Subsidiary of the Borrower (whether by dissolution, liquidation or otherwise) and (iv) any such sale, lease transfer or disposition to the extent the net book value of all assets sold, leased, transferred or disposed of from and after the date hereof pursuant to this clause (iv), does not exceed the greater of (x) \$151,117,500 and (y) 10% of the Borrower's Consolidated Assets measured as of the last day of the most recent Fiscal Quarter of the Borrower ended on or prior to such date of determination.

(d) Subsidiary Debt. Permit any of its Subsidiaries to create or suffer to exist, any Debt other than:

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

(ii) Debt existing on the Effective Date and described on Schedule 5.02(d) (the "Existing Subsidiary Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Subsidiary Debt, provided that the terms of any such extending, refunding or refinancing Debt, and of any agreement entered into and of any instrument issued in connection therewith, are otherwise permitted by this Agreement and provided further that the principal amount of such Existing Subsidiary Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(iii) Debt secured by Liens permitted by Section 5.02(a)(ii) or (iv), and with respect to Section 5.02(a)(iv), not to exceed in the aggregate the amount set forth in such subsection,

(iv) unsecured Debt incurred in the ordinary course of business in an aggregate amount not to exceed at any one time outstanding (as to all Subsidiaries of the Borrower) 10% of the Consolidated Tangible Net Worth of the Borrower and its Subsidiaries, and

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

(e) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of the business of the Borrower and its Subsidiaries taken as a whole as carried on at the date hereof.

(f) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices that would prevent the Borrower from preparing its Consolidated financial statements in accordance with GAAP.

SECTION 5.03. Financial Covenant. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

Leverage Ratio. Cause, on the last day of each Fiscal Quarter of the Borrower, the ratio of (i) Consolidated Debt of the Borrower and its Subsidiaries on such date of determination to (ii) Consolidated EBITDA of the Borrower and its Subsidiaries for the four Fiscal Quarters ended on such date not to exceed 4.0 to 1.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable or the Borrower shall fail to pay any interest on any Advance or make any other payment due in connection with this Agreement or any Note within five days after the same becomes due and payable; or

(b) Any representation or warranty made or deemed made by or on behalf of the Borrower herein or in any notice, report, certificate, financial statement, instrument, agreement or other writing delivered or prepared in connection with this Agreement, shall prove to have been incorrect in any material respect when made; or

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

(d) (i) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium, interest or other amount payable with respect to any Debt that is outstanding in a principal amount of at least \$1,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or (ii) any event shall occur or condition shall exist (other than a default of the type described in clause (i) above) under any agreement or instrument relating to any Debt that is outstanding in a principal amount of at least \$1,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or any of its Subsidiaries (as the case may be) and shall continue after the applicable grace period, if any, specified in such agreement or instrument, and as a result of such default, event of default, event or condition such Debt is accelerated, matures, is declared to be due and payable or is otherwise required to be repaid, prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated

maturity thereof; or (iii) any event shall occur or condition shall exist (including, without limitation, any event of the type described in clause (i) above) under any agreement or instrument relating to any Debt that is outstanding in a principal amount of at least \$25,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or any of its Subsidiaries (as the case may be) and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt, or any such Debt shall be accelerated, declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts, in each such case, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Borrower shall cease for any reason (other than due to death or disability) to constitute a majority of the board of directors of the Borrower (except to the extent that individuals who at the beginning of such 24-month period were replaced by individuals (x) elected by 66-2/3% of the remaining members of the board of directors of the Borrower or (y) nominated for election by a majority of the remaining members of the board of directors of the Borrower and thereafter elected as directors by the shareholders of the Borrower); or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Borrower; or

(i) Any ERISA Event shall have occurred and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of the Plan with respect to which such ERISA Event shall have occurred and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Borrower and its ERISA Affiliates related to any such ERISA Event) exceeds \$10,000,000; or

(j) The Borrower or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$5,000,000 per annum; or

(k) The Borrower or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer

Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$10,000,000;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE ADMINISTRATIVE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the

payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank, Toronto-Dominion and Affiliates. With respect to its Commitment, the Advances made by it and the Notes issued to it, each of Citibank and Toronto-Dominion shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent or the Arrangers, as the case may be; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include each of Citibank and Toronto-Dominion in its individual capacity. Each of Citibank and Toronto-Dominion and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank was not the Administrative Agent and Citicorp Securities and Toronto-Dominion were not Arrangers and without any duty to account therefor to the Lenders.

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

SECTION 7.05. Indemnification. The Lenders (other than the Designated Bidders) agree to indemnify the Administrative Agent (to the extent not reimbursed by the

Borrower), ratably according to the respective principal amounts of the A Notes then held by each of them (or if no A Notes are at the time outstanding or if any A Notes are held by Persons that are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender (other than the Designated Bidders) agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Administrative Agent. The

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

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the A Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by each of the Lenders (other than the Designated Bidders), do any of the following: (a) waive any of the conditions specified in Section 3.01, and in the case of the initial Borrowing, Section 3.02, (b) increase the Commitments of such Lenders or subject such Lenders to any additional obligations, (c) reduce the principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; provided further that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, waive any of the conditions specified in Section 3.03 or 3.04; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier or telex communication) and mailed, telecopied, telexed or delivered, if to the Borrower, at its address at 1177 Summer Street, Stamford, Connecticut 06905, Attention: Treasurer, with a copy to: Corporate Secretary; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance or Designation Agreement pursuant to which it became a Lender; and if to the Administrative Agent, at its address at 1 Court Avenue, Long Island City, New York 11120, Attention: Philip Green - Loan Syndications Operations; or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telecopied or telexed, be effective when deposited in the mails, telecopied or confirmed by telex answerback, respectively, except that notices and communications to the Administrative Agent pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent.

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

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing and distribution), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement, provided that all such costs and expenses of the Administrative Agent (other than (i) fees and expenses of counsel for the Administrative Agent, (ii) printing costs of the Arrangers incurred in connection with the syndication of the Commitments and (iii) expenses arising under Section 5.01(h)) in excess of \$1,000 shall be subject to the prior consent of the Borrower, such consent not to be unreasonably withheld. The Borrower further agrees to pay on demand all costs and expenses of the Administrative Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Administrative Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify, exonerate and hold harmless the Administrative Agent, each Arranger and each Lender and each of their Affiliates and their officers, directors, employees, agents, advisors, representatives and controlling persons (each, an "Indemnified Party") from and against any and all actions, causes of action, suits, costs, claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel), joint or several (collectively, the "Indemnified Liabilities") that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with (i) the Notes, this Agreement, any of the transactions contemplated herein (including, without limitation, the Amendment) or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property currently or formerly owned or operated by the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its

Subsidiaries, in each case whether or not an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such Indemnified Liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from (x) such Indemnified Party's gross negligence or willful misconduct, or (y) in an action brought by the Borrower against an Indemnified Party, such Indemnified Party's negligence. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The Borrower also agrees not to assert any claim against the Administrative Agent, each Arranger, each Lender, each of their Affiliates, or any of their respective officers, directors, employees, agents, advisors, representatives and controlling persons, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to (i) the Notes, this Agreement, any of the transactions contemplated herein (including, without limitation, the Amendment) or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.09(f), 2.10, 2.11 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

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

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by

such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective (other than Sections 2.01, 2.03 and 2.04 which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments, Designations and Participations.

(a) Each Lender (other than a Designated Bidder) may and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.12 or 2.13) upon at least five Business Days notice to such Lender and the Administrative Agent will, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the A Advances owing to it and the A Note or Notes held by it); provided that (i) other than in the case of an assignment to an Affiliate of such Lender, another Lender, or assignments of the type described in subsection (j) below, such Lender shall have obtained the prior written consent of the Administrative Agent and the Borrower, such consent not to be unreasonably withheld, (ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make B Advances, B Advances owing to it or B Notes), (iii) except in the case of an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$5,000,000 and shall be an integral multiple of \$1,000,000 and, if the assigning Lender is assigning less than all of its Commitments after giving effect to such assignment, the amount of the Commitment of the assigning Lender shall be equal to or greater than \$5,000,000, (iv) each such assignment shall be to an Eligible Assignee, (v) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Administrative Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or

other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (vi) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any A Note or A Notes subject to such assignment and a processing and recordation fee of \$3,000 (such fee payable by the assignor or assignee, as agreed by the parties thereto). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof,

together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, Lender or Affiliate of such assigning Lender, together with any A Note or A Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered A Note or Notes a new A Note, to the order of such Eligible Assignee, in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new A Note, as the case may be, to the order of the assigning Lender, in an amount equal to the Commitment retained by it hereunder. Such new A Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered A Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(d) Each Lender (other than a Designated Bidder) may designate one or more banks or other entities to have a right to make B Advances as a Lender pursuant to Section 2.03, provided that (i) other than in the case of a designation by a Lender of an Affiliate of such Lender, such Lender shall have obtained the prior written consent of the Administrative Agent and the Borrower, such consent not to be unreasonably withheld or delayed, (ii) no such Lender shall be entitled to make more than two such designations, (iii) each such Lender making one or more of such designations shall retain the right to make B Advances as a Lender pursuant to Section 2.03, (iv) each such designation shall be to a Designated Bidder and (v) the parties to each such designation shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Designation Agreement, the designee thereunder shall be a party hereto with a right to make B Advances as a Lender pursuant to Section 2.03 and the obligations related thereto.

(e) By executing and delivering a Designation Agreement, the Lender making the designation thereunder and its designee thereunder confirm and agree with each other and the other parties hereto as follows: (i) such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation

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

(f) Upon its receipt of a Designation Agreement executed by a designating Lender and a designee representing that it is a Designated Bidder, the Administrative Agent shall, if such Designation Agreement has been completed and is substantially in the form of Exhibit D hereto, (i) accept such Designation Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

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

(h) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Administrative Agent and the

other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

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

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

SECTION 8.08. Confidentiality. Neither the Administrative Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Borrower, such consent not to be unreasonably withheld, other than (a) to the Administrative Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective assignees, designees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process and (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

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

SECTION 8.10. Extensions of Termination Date for Commitments. The Borrower may make a single request in writing that the Lenders (other than the Designated Bidders) agree in writing to extend the Termination Date then in effect (the "Specified Date") for the Commitments to the 364th day after such Specified Date; such request shall be received by such Lenders at least 20 days (but not more than 30 days) prior to the Specified Date. The Termination Date then in effect will be extended only as to those Lenders who

accept the Borrower's request but shall not be extended as to any other Lender. Such extended Commitments shall become effective on the Specified Date. To the extent that the Termination Date in effect at any time is not extended as to any Lender pursuant to this Section 8.10 or by other written agreement executed by such Lender on or before such Termination Date, the Commitment of such Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Borrower, such Lender or any other Person. It is understood that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for the extension of the Termination Date.

SECTION 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12. Jurisdiction, Etc. (a) Each of the Borrower, the Administrative Agent and the Lenders hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

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

SECTION 8.13. Waiver of Jury Trial. Each of the Borrower, the Administrative Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

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

RAYONIER INC.

By _____
Title:

By _____
Title:

Commitment

\$13,333,334.50

CITIBANK, N.A.,
as Administrative
Agent and Lender

By _____
Title:

\$13,333,334.50

THE TORONTO-DOMINION BANK,
as Lender

By _____
Title:

\$8,333,333.00

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS
ASSOCIATION

By _____
Title:

\$8,333,333.00

THE BANK OF NEW YORK

By -----

Title:

\$8,333,333.00

THE CHASE MANHATTAN
BANK, N.A.

By -----

Title:

\$8,333,333.00

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

By -----

Title:

\$8,333,333.00

NATIONSBANK, N.A. (CAROLINAS)

By -----

Title:

\$8,333,333.00

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH

By -----

Title:

\$8,333,333.00

TRUST COMPANY BANK

By -----

Title:

\$5,000,000.00

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

By -----
Title:

\$5,000,000.00

FLEET BANK, N.A.

By -----
Title:

\$5,000,000.00

UNITED STATES NATIONAL
BANK OF OREGON

By -----
Title:

\$100,000,000

Total of the Commitments

U.S. \$200,000,000
REVOLVING CREDIT AGREEMENT
Dated as of April 14, 1995
Among
RAYONIER INC.,
as Borrower
and
THE BANKS NAMED HEREIN,
as Banks
and
CITIBANK, N.A.,
as Administrative Agent
and
CITICORP SECURITIES, INC.
and
THE TORONTO-DOMINION BANK,
as Arrangers

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REVOLVING CREDIT AGREEMENT

Dated as of April 14, 1995

RAYONIER INC., a North Carolina corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Banks") listed on the signature pages hereof, and Citibank, N.A. ("Citibank"), as Administrative Agent (the "Administrative Agent") for the Lenders (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"A Advance" means an advance by a Lender to the Borrower as part of an A Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of A Advance.

"A Borrowing" means a borrowing consisting of simultaneous A Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"A Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the A Advances made by such Lender.

"Advance" means an A Advance, a B Advance or a C Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Amendment" means an amendment to the Existing Five-Year Credit Agreement, in substantially the form of Exhibit E attached hereto.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a B Advance or a C Advance, the office of such Lender notified by such Lender to the Administrative Agent as its Applicable Lending Office with respect to such B Advance or the Borrower and the Administrative Agent as its Applicable Lending Office with respect to a C Advance, as the case may be.

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

Public Debt Rating S&P/Moody's -----	Applicable Margin for Eurodollar Rate Advances -----
Level 1 A-/A3 or above	.1950%
Level 2 BBB+/Baa1	.2250%
Level 3 BBB/Baa2	.2150%
Level 4 BBB-/Baa3	.4250%
Level 5 Less than BBB-/Baa3	.5625%

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

Public Debt Rating S&P/Moody's -----	Applicable Percentage -----
Level 1 A-/A3 or above	.1050%
Level 2 BBB+/Baa1	.1250%
Level 3 BBB/Baa2	.1600%
Level 4 BBB-/Baa3	.2000%
Level 5 Less than BBB-/Baa3	.3125%

"Arrangers" means Citicorp Securities and Toronto-Dominion.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender (other than a Designated Bidder) and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C hereto.

"Available Commitment" means, with respect to any Lender at any time before termination in whole of the 1994 Five-Year Commitments, such Lender's Commitment less an amount equal to such Lender's pro rata share (based on such Lender's percentage of the aggregate Commitments of the Lenders hereunder) of the 1994 Five-Year Commitments, and with respect to any Lender at any time after termination in whole of the 1994 Five-Year Commitments, such Lender's Commitment.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

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

"B Reduction" has the meaning specified in Section 2.01.

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

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

(b) the sum (adjusted to the nearest 1/4 of 1% or, if there is no nearest 1/4 of 1%, to the next higher 1/4 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

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

"Base Rate Advance" means an A Advance that bears interest as provided in Section 2.08(a)(i).

"Borrower's Environmental Disclosure Report" means the report prepared by the Borrower regarding certain environmental matters, attached hereto as Exhibit G.

"Borrower's Form 10-K for 1994" has the meaning specified in Section 4.01(f).

"Borrowing" means an A Borrowing, a B Borrowing or a C Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"C Advance" means an advance by a Lender to the Borrower as part of a C Borrowing resulting from the bidding procedure described in Section 2.04.

"C Borrowing" means a borrowing consisting of simultaneous C Advances from each of the Requested Lenders whose offer to make one or more C Advances as part of such borrowing has been accepted by the Borrower under the bidding procedure described in Section 2.04.

"C Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-3 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a C Advance made by such Lender.

"C Reduction" has the meaning specified in Section 2.01.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" has the meaning specified in Section 4.01(k).

"Citicorp Securities" means Citicorp Securities, Inc.

"Commercial Paper" means any unsecured promissory note of the Borrower with a maturity at the time of issuance not exceeding nine months, exclusive of days of grace, issued by the Borrower pursuant to a commercial paper program of the Borrower.

"Commitment" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on the signature pages hereof under the caption "Commitment" or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(g), as such amount may be reduced pursuant to Section 2.06.

"Confidential Information" means information that the Borrower furnishes to the Administrative Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender from a source other than the Borrower, that is not, to the best of the Administrative Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with the Borrower.

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

"Consolidated Assets" means on any date of determination, all amounts that are or should, in accordance with GAAP be included under assets on a Consolidated balance sheet of the Borrower and its Subsidiaries determined in accordance with GAAP as at such date.

"Convert", "Conversion" and "Converted" each refers to a conversion of A Advances of one Type into A Advances of the other Type pursuant to Section 2.09 or 2.10.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business and that are not overdue for a period that is not consistent with the ordinary course of business of such Person), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptance, letter of credit or similar facilities (other than obligations under (i) Trade Letters of Credit, (ii) performance bonds or letters of credit issued in connection with the purchase of inventory, including prepaid timber stumpage, by the Borrower or any of its Subsidiaries in the ordinary course of business, (iii) performance bonds or letters of credit to secure obligations under workers' compensation laws or similar legislation, (iv) performance bonds or letters of credit issued for the account of the Borrower or any of its Subsidiaries to secure obligations under self-insurance programs to the extent permitted by the terms of this Agreement and in an aggregate maximum available amount with respect to all such performance bonds and letters of credit not to exceed at any one time \$20,000,000 and (v) performance bonds or letters of credit issued for the

account of the Borrower or any of its Subsidiaries not otherwise excluded from this definition in an aggregate maximum available amount with respect to all such performance bonds and letters of credit not to exceed at any one time \$2,000,000, provided that in each case such performance bond or letter of credit (including, without limitation, any Trade Letters of Credit but excluding performance bonds or letters of credit described in clause (f)(v) above) does not secure Debt), (g) all Guarantees issued by such Person and (h) all Debt referred to in clauses (a) through (g) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt. The Debt of any Person shall include the Debt of any partnership in which such Person is a general partner, but shall not include obligations under a financial assurance statement that a Person is required to provide under Environmental Law in support of the closure and post-closure obligations of one or more of its Subsidiaries.

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

"Designated Bidder" means (a) an Affiliate of a Lender or (b) a special purpose corporation that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" by Moody's or "A-1" by S&P or a comparable rating from the successor of either of them, that, in either case, (x) is organized under the laws of the United States or any State thereof, (y) shall have become a party hereto pursuant to Section 8.07(d), (e) and (f) and (z) is not otherwise a Lender. Notwithstanding the foregoing, other than in the case of an Affiliate of a Lender, each Designated Bidder shall be subject to the prior written consent of the Borrower and the Administrative Agent, such consent not to be unreasonably withheld or delayed.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Bidder) and a Designated Bidder, and accepted by the Administrative Agent, in substantially the form of Exhibit D hereto.

"Disclosed Litigation" has the meaning specified in Section 4.01(f).

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

"EBITDA" means, for any Person during any period, earnings (income) from continuing operations before the cumulative effect of accounting changes and any provision for dispositions, income taxes, interest expense and depreciation, depletion and amortization.

"Effective Date" means the first date on which the conditions set forth in Section 3.01 have been satisfied.

"Eligible Assignee" means (a) any Lender; (b) an Affiliate of a Lender; (c) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$10,000,000,000; (d) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow or of the Cayman Islands, or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, so long as such bank is acting through a branch or agency located in the country in which it is organized or another country that is described in this clause (d); (e) the central bank of any country that is a member of the Organization for Economic Cooperation and Development; and (f) any other Person approved by the Administrative Agent and the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that (x) each Eligible Assignee shall maintain a branch or representative office or similar presence in the United States and (y) neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any (a) administrative, regulatory or judicial action, suit, written demand, demand letter, written claim, notice of noncompliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment including, without limitation, (i) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (ii) by any governmental or regulatory authority for damages, contribution, indemnification, cost recovery, compensatory or injunctive relief; and (b) any administrative, regulatory or judicial action, suit or proceeding brought by any third party properly before a forum of competent jurisdiction relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Law" means any applicable federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or

agency interpretation, policy or guidance relating to the environment, health, safety or Hazardous Materials all as amended or hereafter amended.

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

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

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

"ERISA Event" means (a)(i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the cessation of operations at a facility of the Borrower or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (d) the withdrawal by the Borrower or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (e) the failure by the Borrower or any of its ERISA Affiliates to make a payment to a Plan if the conditions for the imposition of a lien under Section 302(f)(1) of ERISA are satisfied; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

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

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule

I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same A Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered to the Reference Banks by prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such A Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same A Borrowing shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received by the Administrative Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Eurodollar Rate Advance" means an A Advance that bears interest as provided in Section 2.08(a)(ii).

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

"Events of Default" has the meaning specified in Section 6.01.

"Existing 364-Day Credit Agreement" means the 364-day Revolving Credit Agreement, dated as of April 21, 1994, among the Borrower, certain banks and other financial institutions party thereto, Citibank, N.A., as administrative agent, and Citicorp Securities and Toronto-Dominion, as arrangers.

"Existing Five-Year Credit Agreement" means the five-year Revolving Credit Agreement, dated as of April 21, 1994, among the Borrower, certain banks and other financial institutions party thereto, Citibank, N.A., as administrative agent, and Citicorp Securities and Toronto-Dominion, as arrangers.

"Existing Five-Year Lender" means each "Lender" as such term is defined in the Existing Five-Year Credit Agreement.

"Existing Subsidiary Debt" has the meaning specified in Section 5.02(d)(ii).

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

"Fiscal Quarter" means each consecutive three calendar month period ending March 31, June 30, September 30 or December 31 of any fiscal year.

"GAAP" has the meaning specified in Section 1.03.

"Guarantee" by any Person, means any obligation, contingent or otherwise, of such Person guaranteeing directly or indirectly in any manner the Debt of any other Person, or in effect guaranteeing directly or indirectly the Debt of any other Person through an agreement (i) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss.

"Hazardous Materials" means petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, radon gas and any other chemicals, materials or substances designated, classified or regulated as being "hazardous" or "toxic," or words of similar import, under any applicable Environmental Law.

"Indemnified Liabilities" has the meaning specified in Section 8.04(b).

"Indemnified Party" has the meaning specified in Section 8.04(b).

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same A Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 12:00 Noon (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

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

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same A Borrowing shall be of the same duration;

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

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

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

"Lenders" means the Banks listed on the signature pages hereof, each institution that shall become a party hereto pursuant to Section 8.07(a), (b) and (c) and, except when used in reference to an A Advance, an A Borrowing, an A Note, a Commitment, a C Advance, a C Borrowing, a C Note or a term related to any of the foregoing, each Designated Bidder.

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

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any Note.

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

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

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any of its ERISA Affiliates and at least one Person other than the Borrower and its ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any of its ERISA Affiliates could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"1994 Five-Year Commitments" means the aggregate amount of the "Commitments" (as such term is defined in the Existing Five-Year Credit Agreement) of the Existing Five-Year Lenders.

"Note" means an A Note, a B Note or a C Note.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(a)(i).

"Notice of C Borrowing" has the meaning specified in Section 2.04(a)(i).

"NPL" has the meaning specified in Section 4.01(k).

"Other Taxes" has the meaning specified in Section 2.15(b).

"PBG" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a reasonable period and which, individually or when aggregated with all other Permitted Liens outstanding on any date, do not materially affect the use of the property to which they relate; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way, encumbrances and minor defects or irregularities in title to real property not interfering in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries.

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

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

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower. For purposes of the foregoing, (a) if no Public Debt Rating shall be available from either S&P or Moody's, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 5 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (b) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Margin and the Applicable Percentage shall be based upon the lower rating; (d) if any rating

established by S&P or Moody's shall be changed, the change in Applicable Margin and the Applicable Percentage shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Banks" means Citibank, Toronto-Dominion and The Chase Manhattan Bank, N.A.

"Register" has the meaning specified in Section 8.07(g).

"Requested Lender" has the meaning specified in Section 2.04(a)(i).

"Required Lenders" means, at any time, Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the A Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Commitments.

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

"Significant Subsidiary" means, at any time, a Subsidiary of the Borrower having (a) at least 10% of the total Consolidated Assets of the Borrower and its Subsidiaries (determined as of the last day of the most recent Fiscal Quarter of the Borrower ended on or prior to such date) or (b) at least 5% of the Consolidated revenues of the Borrower and its Subsidiaries for the four most recent Fiscal Quarters of the Borrower ended on or prior to such date.

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

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the

beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. With respect to the Borrower, GHP Leasing Company shall not constitute a Subsidiary of the Borrower to the extent that GHP Leasing Company is a corporation in which neither the Borrower nor any of its Subsidiaries shall own more than 50% of the capital stock of the type described in clause (a) above.

"Tangible Net Worth" means, with respect to any Person as of any date of determination, the excess of total assets over total liabilities, total assets and total liabilities each to be determined in accordance with GAAP, excluding, however, from the determination of total assets, (a) goodwill, experimental or organizational expenses, research and development expenses, franchises, trademarks, service marks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (b) all unamortized debt discount and expense, (c) treasury stock and capital stock, obligations or other securities of, or capital contributions to, or investments in, any Subsidiary, and (d) any items not included in clauses (a) through (c) above which are treated as intangibles in conformity with GAAP, in each case, determined on a Consolidated basis and in accordance with GAAP.

"Taxes" has the meaning specified in Section 2.15(a).

"Termination Date" means the earlier of April 14, 2000 and the date of termination in whole of the Commitments pursuant to Section 2.06 or 6.01.

"Toronto-Dominion" means The Toronto-Dominion Bank.

"Trade Letter of Credit" means any letter of credit that is issued for the benefit of a supplier of inventory or provider of a service necessary for the conduct of the business of the Borrower or any of its Subsidiaries (other than any financial services) to the Borrower or any of its Subsidiaries to effect payment for such inventory or service.

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

"Withdrawal Liability" has the meaning specified in Part 1 of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles as in effect from time to time ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF LOANS

SECTION 2.01. The A Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount not to exceed at any time outstanding such Lender's Available Commitment, provided that the aggregate amount of the Available Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the B Advances and the C Advances then outstanding and such deemed use of the aggregate amount of the Available Commitments shall be allocated among the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Available Commitments to the extent of the aggregate amount of B Advances then outstanding being a "B Reduction" and to the extent of the aggregate amount of C Advances then outstanding being a "C Reduction"). Each A Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of A Advances of the same Type and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Available Commitment, the Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.11 and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice, given not later than 12:00 Noon (New York City time) on the third Business Day prior to the date of the proposed A Borrowing (in the case of an A Borrowing to be comprised of Eurodollar Rate Advances) and given not later than 11:00 A.M. (New York City time) on the Business Day of the proposed A Borrowing (in the case of an A Borrowing to be comprised of Base Rate Advances), by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier or by telex. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be by telecopier or by telex, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing consisting of Eurodollar Rate Advances, the initial Interest Period for each such A

Advance. Each Lender shall on the date of such A Borrowing, before 11:00 A.M. (New York City time), in the case of an A Borrowing to be comprised of Eurodollar Rate Advances, and before 1:00 P.M. (New York City time), in the case of an A Borrowing to be comprised of Base Rate Advances, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such A Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(b) Anything in subsection (a) above to the contrary notwithstanding, the Borrower may not select Eurodollar Rate Advances for any A Borrowing if the obligation of the Lenders to make Eurodollar Rate Loans shall then be suspended pursuant to Section 2.09 or 2.13.

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrower. In the case of any A Borrowing that the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the A Advance to be made by such Lender as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any A Borrowing (in the case of an A Borrowing to be comprised of Eurodollar Rate Advances) and not later than 12:00 Noon (New York City time) on the Business Day of the proposed A Borrowing (in the case of an A Borrowing to be comprised of Base Rate Advances) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such A Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at such time to the A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall

constitute such Lender's A Advance as part of such A Borrowing for purposes of this Agreement.

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

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower may make B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Effective Date until the date occurring 30 days prior to the Termination Date in the manner set forth below, provided that (x) each B Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and, (y) following the making of each B Borrowing, the aggregate amount of all Advances then outstanding shall not exceed the aggregate amount of the Available Commitments of the Lenders.

(i) The Borrower may request a B Borrowing under this Section 2.03 by delivering to the Administrative Agent, by telecopier or by telex, confirmed immediately in writing, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed B Borrowing, the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than the date occurring 30 days after the date of such B Borrowing or later than the earlier of (x) 180 days after the date of such B Borrowing and (y) the Termination Date), the interest payment date or dates relating thereto, and any other terms to be applicable to such B Borrowing, not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed B Borrowing, if the Borrower shall specify in the Notice of B Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum, and (B) at least four Business Days prior to the date of the proposed B Borrowing, if the Borrower shall instead specify in the Notice of B Borrowing the basis to be used by the Lenders in determining the rates of interest to be offered by them. The Administrative Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower by sending such Lender a copy of the applicable Notice of B Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more B Advances to the Borrower as part of such proposed B Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) (x) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant

to clause (A) of paragraph (i) above and (y) three Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, of the minimum amount and maximum amount of each B Advance that such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to the first sentence of Section 2.03(a), exceed such Lender's Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such B Advance, provided that if the Administrative Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing, provided that the failure by any Lender to give such notice shall not in any event cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing.

(iii) The Borrower shall, in turn, (x) before 11:00 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (y) before 11:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, either:

(A) cancel such B Borrowing by giving the Administrative Agent notice to that effect, or

(B) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in order of the lowest to highest rates of interest or margins (or, if two or more Lenders bid at the same rate of interest, and the amount of accepted offers is less than the aggregate amount of such offers, the amount to be borrowed from such Lenders as part of such B Borrowing shall be allocated among such Lenders pro rata on the basis of the maximum amount offered by such Lenders at such rates or margin in connection with such B Borrowing), by giving notice to the Administrative Agent of the amount of each B Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Administrative Agent on behalf of such Lender for such B Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such B Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Administrative Agent notice to that effect.

(iv) If the Borrower notifies the Administrative Agent that such B Borrowing is cancelled pursuant to subsection (iii)(A) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(B) above, the Administrative Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such B Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (C) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 Noon (New York City time) on the date of such B Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Administrative Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02 such Lender's portion of such B Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address. The Administrative Agent will promptly on the date of each B Borrowing notify each Lender of the amount of the B Borrowing, the consequent B Reduction, and the dates upon which such B Reduction commenced and will terminate and the range of interest rates with respect to the B Advances made as part of such B Borrowing.

(b) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay pursuant to subsection (c) below and reborrow under this Section 2.03.

(c) The Borrower shall repay to the Administrative Agent for the account of each Lender that has made a B Advance, or each other holder of a B Note on the maturity date of such B Advance (such maturity date being that specified by the Borrower for repayment in the related Notice of B Borrowing and provided in the B Note evidencing such B Advance), the then unpaid principal amount of such B Advance. The Borrower shall not have the right to prepay any B Advance.

(d) The Borrower shall pay interest on the unpaid principal amount of each B Advance from the date of such B Advance until the date the principal amount of such B

Advance is paid in full at the rate of interest for such B Advance specified by the Lender making such B Advance in the notice delivered pursuant to subsection (a)(ii) above on the interest date or dates specified by the Borrower for such B Advance in the related Notice of B Borrowing and set forth in the B Note evidencing such B Advance.

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

(f) Following the making of each B Borrowing, the Borrower shall be in compliance with the limitation set forth in clause (y) of the proviso to the first sentence of Section 2.03(a).

(g) The Borrower shall pay to the Administrative Agent for its own account such fees as may be agreed between the Borrower and the Administrative Agent in connection with each request for a B Borrowing whether or not any B Borrowing is in fact made.

SECTION 2.04. The C Advances. (a) Each Lender severally agrees that the Borrower may make C Borrowings under this Section 2.04 from time to time on any Business Day during the period from the Effective Date until the Termination Date in the manner set forth below, provided that (x) each C Borrowing shall be in an aggregate amount of \$500,000 or an integral multiple of \$100,000 in excess thereof and (y) following the making of each C Borrowing (A) the aggregate amount of all C Advances then outstanding shall not exceed \$10,000,000 and (B) the aggregate amount of all Advances then outstanding shall not exceed the aggregate amount of the Available Commitments of the Lenders.

(i) The Borrower may request a C Borrowing by delivering to at least three Lenders selected in its sole discretion (each such Lender, a "Requested Lender"), by telecopier or by telex, confirmed immediately in writing, a notice of a C Borrowing (a "Notice of C Borrowing") with a copy thereof to the Administrative Agent, in substantially the form of Exhibit B-3 hereto, specifying the date and aggregate amount of the proposed C Borrowing, the maturity date for repayment of each C Advance to be made as part of such C Borrowing (which maturity date may not be later than the earlier of (x) the date occurring 30 days after the date of such C Borrowing and (y) the Termination Date), the interest payment date or dates relating thereto, the basis to be used by Requested Lenders in determining the rates of interest to be offered by them, the time at which such C Advance is to be made, the time by which such Requested Lender's response is due and the time by which the Borrower will accept or reject offers made by the Requested Lenders, and any other terms to be applicable to such C Borrowing.

(ii) Each Requested Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more C Advances to the Borrower as part of such proposed C Borrowing at a rate or rates of interest specified by such Requested Lender in its sole discretion, by notifying the Borrower at or before the time specified in the applicable Notice of C Borrowing of the minimum amount and maximum amount of each C Advance that such Requested Lender would be willing to make as part of such C Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.04(a), exceed such Lender's Commitment), the rate or rates of interest therefor and such Requested Lender's Applicable Lending Office with respect to such C Advance.

(iii) The Borrower shall, in turn, before the time specified therefor in the applicable Notice of C Borrowing either (A) cancel such C Borrowing by giving the Requested Lenders and the Administrative Agent notice to that effect, or (B) accept one or more of the offers made by a Requested Lender pursuant to paragraph (ii) above by promptly giving notice to each such Requested Lender and the Administrative Agent of the amount of the C Advance to be made by such Requested Lender or Lenders and provide each such Requested Lender that is to make a C Borrowing the documents

required by the applicable conditions set forth in Article III. The Borrower's election to accept or reject any offers made to it by a Requested Lender pursuant to paragraph (ii) above shall be made in its sole discretion regardless of the terms and conditions of any offer made by any Requested Lender. Upon fulfillment of the conditions set forth in Article III, each Requested Lender will make its portion of such C Borrowing available to the Borrower by transferring the amount of its C Advance to such account as is notified by the Borrower to such Requested Lender.

(iv) On the date on which the Borrower makes a request for a C Borrowing and on each date on which a C Borrowing is made, the Borrower shall promptly (and in any event no later than 3:00 P.M. (New York City time) on such day) notify the Administrative Agent of (x) such request for a C Borrowing, including the aggregate amount of the proposed C Borrowing, the consequent C Reduction and the dates upon which such C Reduction will terminate, the maturity date for repayment of each C Advance and the basis to be used by each Requested Lender in determining the rates of interest being offered by them and (y) the date of any C Borrowing, the aggregate amount of such C Borrowing, the consequent C Reduction, each Lender making a C Advance, the interest rate and the maturity date of each C Advance to be made as part of such C Borrowing and such other information relating to such C Borrowing as the Administrative Agent may reasonably request; provided, however, if the Borrower shall be making an A Borrowing or B Borrowing on the date on which a C Advance is to be made, the Borrower shall provide the Administrative Agent with the information set forth in clauses (x) and (y) above prior to the time such A or B Borrowing is to be made. In addition, if after making a request therefor the Borrower cancels such C Borrowing, the Borrower shall promptly notify each Lender of such cancellation. Promptly after each C Borrowing, the Administrative Agent will notify each Lender of the amount of the C Borrowing, the consequent C Reduction and the date upon which such C Reduction commenced and will terminate and the maturity date for repayment of each C Advance. The obligation of the Administrative Agent to provide the Lenders with the information described in the preceding sentence is limited by the extent to which the Administrative Agent, on or prior to the time set forth above, shall have previously received such information from the Borrower. All payments with respect to each C Advance shall be made not later than 11:00 A.M. (New York City time) on the date when due in U.S. dollars, to the Lender making such C Advance at its Applicable Lending Office or such other office as such Lender may specify in writing to the Borrower in same day funds. The Borrower shall promptly provide (and in any event no later than 12:00 Noon (New York City time) on such day) the Administrative Agent with notice of its payment to a Lender of any amount payable with respect to a C Advance, the name of the Lender such payment was made to and the amount of such payment.

(b) Within the limits and on the conditions set forth in this Section 2.04, the Borrower may from time to time borrow under this Section 2.04, repay pursuant to subsection (c) below and reborrow under this Section 2.04.

(c) The Borrower shall repay to each Lender that has made a C Advance, or each other holder of a C Note on the maturity date of such C Advance (such maturity date being that specified by the Borrower for repayment in the related Notice of C Borrowing and provided in the C Note evidencing such C Advance), the then unpaid principal amount of such C Advance. The Borrower shall not have the right to prepay any C Advance.

(d) The Borrower shall pay interest on the unpaid principal amount of each C Advance from the date of such C Advance until the date the principal amount of such C Advance is paid in full at the rate of interest for such C Advance specified by the Lender making such C Advance in the notice delivered pursuant to subsection (a)(ii) above on the interest date or dates specified by the Borrower for such C Advance in the related Notice of C Borrowing and set forth in the C Note evidencing such C Advance.

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

(f) Following the making of each C Borrowing, the Borrower shall be in compliance with the limitations set forth in clause (y) of the proviso to the first sentence of Section 2.04(a).

(g) The Borrower shall not be required to pay to the Administrative Agent any separate fees in connection with any C Borrowing or C Advance.

SECTION 2.05. Fees. (a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender (other than a Designated Bidder) a facility fee on the aggregate amount of such Lender's Available Commitment, if any, from the date hereof in the case of each Bank and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each such other Lender until the Termination Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 1995, and on the Termination Date.

(b) Administrative Agent's Fees. The Borrower shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Administrative Agent.

SECTION 2.06. Termination or Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that the aggregate amount of the Available Commitments of the Lenders shall not be reduced to an amount that is less than the sum of the aggregate principal amount of the B Advances then outstanding and the aggregate principal amount of the C Advances then outstanding, and provided further that each partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

SECTION 2.07. Repayment of A Advances. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the principal amount of the A Advances then outstanding.

SECTION 2.08. Interest on A Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each A Advance owing to each Lender from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such A Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such A Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such A Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. At any time during which the Borrower shall fail (i) to pay any principal of any Advance, any interest on any Advance or make any other payment in connection with this Agreement when the same becomes due and payable or (ii) to perform or observe any term, covenant or agreement contained in Section 5.03, the Borrower shall pay interest on (x) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (y) the amount of any interest, fee or other

amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.09. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.08(a)(i) or (ii), and the applicable rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.08(a)(ii).

(c) If fewer than two Reference Banks furnish timely information to the Administrative Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Administrative Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances,

(ii) each such A Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such A Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make, or to Convert A Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(e) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(f) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any A Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$10,000,000, such Advances shall automatically Convert into Base Rate Advances, and on and after such date the right of the Borrower to Convert such A Advances into Eurodollar Rate Advances shall terminate.

SECTION 2.10. Optional Conversion of A Advances. The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09, 2.13 and 2.14, Convert all A Advances of one Type comprising the same Borrowing into A Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the A Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the Interest Period for each such A Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.11. Optional Prepayments of A Advances. The Borrower may, upon at least one Business Day's notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal amounts of the A Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.12. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or

not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that, any Lender claiming additional amounts under this Section 2.12 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if such change would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

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

SECTION 2.13. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert A Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Administrative Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Base Rate Advances in accordance with Section 2.10.

SECTION 2.14. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the A Notes and the B Notes not later than 12:00 Noon (New York City time) on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.12, 2.15 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. All payments under the C Notes will be made in accordance with Section 2.04(a)(iv). Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(g), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the A Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of facility fees shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount

distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

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

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.15) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof. In the case of any payment hereunder or under the Notes by the Borrower through an account or branch outside the United States or on behalf of the Borrower by a payor that is not a United States person, if the

Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Bank and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide the Borrower with Internal Revenue Service form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party that reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement or the Notes is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from "Taxes" as defined in Section 2.15(a).

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

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

SECTION 2.16. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the A Advances owing to it (other than pursuant to Section 2.12, 2.15 or 8.04(c)) in excess of its ratable share of payments on account of the A Advances

obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the A Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for working capital and general corporate purposes of the Borrower and its Subsidiaries, including, without limitation, making repayments with respect to Commercial Paper and other similar loan programs.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Sections 2.01, 2.03 and 2.04. Sections 2.01, 2.03 and 2.04 of this Agreement shall become effective as of the Effective Date, subject to the conditions precedent that:

(a) There shall have occurred no Material Adverse Change since December 31, 1994.

(b) There shall exist no action, suit, investigation, litigation or proceeding, including any Environmental Action, affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect, except as set forth in the Borrower's Environmental Disclosure Report or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

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

(d) The Borrower shall have paid all accrued fees and expenses of the Administrative Agent and the Arrangers (including the accrued fees and expenses of counsel to the Administrative Agent and the Arrangers then due and payable).

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

(A) the representations and warranties contained in Section 4.01 are correct on and as of the Effective Date; and

(B) no event has occurred and is continuing that constitutes a Default.

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

(i) The A Notes to the order of the Lenders, respectively.

(ii) The Amendment, duly executed by the Borrower and the "Required Lenders" (as such term is defined in the Existing Five-Year Credit Agreement) thereunder.

(iii) Certified copies of (x) the resolutions of the Board of Directors of the Borrower approving this Agreement, the Notes and the Amendment, and (y) the Borrower's charter and by-laws and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement, the Notes and the Amendment.

(iv) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement, the Notes and the Amendment and the other documents to be delivered hereunder.

(v) A favorable opinion of John B. Canning, Corporate Secretary and Associate General Counsel of the Borrower, substantially in the form of Exhibit F hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

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

(vii) Federal Reserve Forms U-1 provided for in Regulation U, the statements made in which shall be such as to permit the transactions contemplated hereby in accordance with Regulation U.

(g) The Borrower shall have paid all amounts payable under the Existing 364-Day Credit Agreement and the commitments of the lenders thereunder shall have been terminated in whole pursuant to a notice of termination received by the Administrative Agent (as defined in the Existing 364-Day Credit Agreement) from the Borrower (as defined in the Existing 364-Day Credit Agreement) in accordance with Section 2.06 thereof.

(h) The Amendment shall be in full force and effect.

SECTION 3.02. Conditions Precedent to Each A Borrowing. The obligation of each Lender to make an A Advance on the occasion of each A Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such A Borrowing (a) the following statements shall be true (and each of the giving of the applicable Notice of A Borrowing and the acceptance by the Borrower of the proceeds of such A Borrowing shall constitute a representation and warranty by the Borrower that on the date of such A Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (except the representations set forth in subsection (e) and subsection (f) thereof) are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

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

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

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender that is to make a B Advance on the occasion of each B Borrowing to make such B Advance as part of such B Borrowing is subject to the conditions precedent that the Effective Date shall have occurred and (a) the Administrative Agent shall have received the Notice of B Borrowing with respect thereto, (b) on or before the date of such B Borrowing, but prior to such B Borrowing, the Administrative Agent shall have received a B Note payable to the order of such Lender for each of the one or more B Advances to be made by such Lender as part of such B Borrowing, in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.03, and (c) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower of the proceeds of such B Borrowing shall constitute a representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (except the representations set forth in subsection (e) and subsection (f) thereof) are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

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

(iii) no event has occurred and no circumstance exists as a result of which the information concerning the Borrower that has been provided to the Administrative Agent and each Lender by the Borrower in connection herewith would include any untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3.04. Conditions Precedent to Each C Borrowing. The obligation of each Lender that is to make a C Advance on the occasion of each C Borrowing to make such C Advance as part of such C Borrowing is subject to the conditions precedent that the Effective Date shall have occurred and (a) such Lender and the Administrative Agent shall have received the Notice of C Borrowing with respect thereto, (b) on or before the date of such C Borrowing, but prior to such C Borrowing, such Lender shall have received a C Note payable to the order of such Lender for each of the one or more C Advances to be made by such Lender as part of such C Borrowing, in a principal amount equal to the principal amount of the C Advance to be evidenced thereby and otherwise on such terms as were agreed to for such C Advance in accordance with Section 2.04, and (c) on the date of such C Borrowing the following statements shall be true (and each of the giving of the applicable Notice of C Borrowing and the acceptance by the Borrower of the proceeds of such C Borrowing shall constitute a representation and warranty by the Borrower that on the date of such C Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (except the representations set forth in subsection (e) and subsection (f) thereof) are correct on and as of the date of such C Borrowing, before and after giving effect to such C Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

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

(iii) no event has occurred and no circumstance exists as a result of which the information concerning the Borrower that has been provided to the Administrative Agent and each Lender by the Borrower in connection herewith would include any untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3.05. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the proposed Effective Date, as notified by the Borrower to the Lenders, specifying its objection thereto.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

- (a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina.
- (b) The execution, delivery and performance by the Borrower of this Agreement, the Notes and the consummation of the transactions contemplated hereby (including, without limitation, the Amendment) are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.
- (c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement, the Notes or the Amendment.
- (d) This Agreement and the Amendment are, and each of the Notes when executed and delivered hereunder will be, the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.
- (e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 1994, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Arthur Andersen L.L.P., independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated

results of the operations of the Borrower and its Subsidiaries for the fiscal year then ended, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 1994, there has been no Material Adverse Change.

(f) There is no pending or, to the knowledge of the Borrower, threatened action or proceeding, including any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect, other than the matters described on the Borrower's Environmental Disclosure Report (the "Disclosed Litigation"), or (ii) purports to affect the legality, validity or enforceability of this Agreement, the Amendment or any Note, and since the date the Borrower's Environmental Disclosure Report was prepared there has been no adverse change (other than an adverse change of an inconsequential nature) in the status, or financial effect on the Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described in the Borrower's Environmental Disclosure Report. Schedule 4.01(f) sets forth any action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened before any court, governmental agency or arbitrator that the Borrower has disclosed in its Form 10-K for the fiscal year ended December 31, 1994, as filed with the Securities and Exchange Commission (the "Borrower's Form 10-K for 1994").

(g) No written information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or included herein or delivered pursuant hereto contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(h) No proceeds of any Advance will be used to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

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

(j) (A) Except as set forth in the Borrower's Environmental Disclosure Report, the operations and properties of the Borrower and each of its Subsidiaries comply in all material respects with all Environmental Laws, all material and necessary Environmental Permits have been obtained and are in effect for the operations and properties of the Borrower and each of

its Subsidiaries, and the Borrower and each of its Subsidiaries are in compliance in all material respects with all such Environmental Permits.

(B) Except as set forth in the Borrower's Form 10-K for 1994 and in the Borrower's Environmental Disclosure Report, and except for the potential effect of the proposed new regulations for the control of pollutants from pulp and paper mills as published by the U.S. Environmental Protection Agency in the December 17, 1993 Federal Register (Volume 58, Federal Register, 66078), to the knowledge of the Borrower, there are no circumstances that are reasonably likely to form the basis of an Environmental Action against the Borrower or any of its Subsidiaries that could be reasonably likely to have a Material Adverse Effect.

(k) Except as set forth in the Borrower's Environmental Disclosure Report, none of the properties currently or formerly owned or operated by the Borrower or any of its Subsidiaries is listed or, to the knowledge of the Borrower, proposed for listing on the National Priorities List under CERCLA (the "NPL") or on the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency ("CERCLIS") or any analogous state list; and no underground storage tanks, as such term is defined in 42 U.S.C. ss. 6991, are located on any property currently or formerly owned or operated by the Borrower or any of its Subsidiaries that could reasonably be likely to have a Material Adverse Effect.

(l) Except as set forth in the Borrower's Environmental Disclosure Report, to the knowledge of the Borrower, neither the Borrower nor any of its Subsidiaries has transported or arranged for the transportation of any Hazardous Materials to any location that is listed or proposed for listing on the NPL or on the CERCLIS, which could reasonably be likely to lead to claims against the Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury that have, or could reasonably be likely to have, a Material Adverse Effect.

(m) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(n) Neither the Borrower nor any of its ERISA Affiliates has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(o) Neither the Borrower nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(p) Except as set forth in Schedule 4.01(p), the Borrower and its Subsidiaries have no material liability with respect to "accumulated post-retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

(q) As of the last annual actuarial valuation date, the "current liability," as defined in Section 412 of the Internal Revenue Code, under each Plan does not exceed the fair market value of the assets of such plan and there has been no material adverse change in the funding status of such Plan since such date.

(r) On the Effective Date, the only Advances (as defined in the Existing Five-Year Credit Agreement) outstanding will be (i) a B Advance (as defined in the Existing Five-Year Credit Agreement) in a principal amount of \$25,000,000 which matures on April 21, 1995 and (ii) a B Advance (as defined in the Existing Five-Year Credit Agreement) in a principal amount of \$35,000,000 which matures on April 26, 1995.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with (i) ERISA and (ii) Environmental Laws to the extent set forth in Section 5.01(d).

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(c) Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, or in the case of any trade payable before such trade payable becomes

Debt, except where the amount or validity thereof is currently being contested in good faith and by appropriate proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(d) Compliance with Environmental Laws. (i) Comply and cause each of its Subsidiaries to comply, in all material respects, with all Environmental Laws and Environmental Permits that are material to the conduct of the business of the Borrower or any of its Subsidiaries or necessary for their operations and properties, and (ii) obtain and renew, and cause each of its Subsidiaries to obtain and renew, all Environmental Permits that are material to the conduct of the business of the Borrower or any of its Subsidiaries or necessary for their operations and properties; except, with respect to (i) and (ii) above, to the extent that any such Environmental Law or the terms of any Environmental Permit are being contested in good faith and by proper proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(e) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance (including self-insurance, in amounts consistent with industry practice and custom) with responsible insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates.

(f) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise or the corporate existence of any Subsidiary of the Borrower if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower and its Subsidiaries taken as a whole or the Lenders.

(g) Visitation Rights. At any reasonable time and from time to time, upon reasonable prior notice, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of the Borrower and any of its Subsidiaries, as shall be reasonably requested, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers and with their independent certified public accountants.

(h) Preparation of Environmental Reports. If an Event of Default, based either on (i) a breach of any of the representations and warranties contained in Section 4.01(f) (to the extent such Section relates to environmental matters), (j), (k) or (l) or (ii) noncompliance with the covenant contained in Section 5.01(d), shall have occurred and be continuing for more than 30 days, at the request of the Required Lenders, provide to the Lenders within 60 days after such request, at the expense of the Borrower, an environmental site assessment report for the properties relating to such breach or noncompliance and as described in such request, prepared by an environmental consulting firm reasonably acceptable to the Required Lenders, indicating the presence or absence of Hazardous Materials, where appropriate, and the estimated cost of any compliance, removal or remedial action in connection with any Hazardous Materials on such properties; without limiting the generality of the foregoing, if the Required Lenders reasonably determine at any time that a material risk exists that any such report will not be provided within the time referred to above, the Required Lenders may retain an environmental consulting firm to prepare such report, at the expense of the Borrower (provided that prior to the commencement of work by an environmental consulting firm retained by the Required Lenders in connection herewith, the Required Lenders provide the Borrower with the identity of such consulting firm, the scope of the assignment and a copy of the budget provided by such consulting firm in connection with such assignment), and the Borrower hereby grants and agrees to cause any Subsidiary that owns any property described in such request to grant at the time of such request, to the Administrative Agent, the Lenders, such firm and any agents or representatives thereof a limited (for the duration of such assessment) irrevocable license, subject to the rights of tenants, to enter onto their respective properties to undertake such an assessment upon reasonable prior notice to the Borrower and in a manner that will not materially interrupt or disrupt the business operations of the Borrower or its Subsidiaries or tenants.

(i) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which appropriate entries that are correct in all material respects shall be made, of all financial transactions and the assets and business of the Borrower and each such Subsidiary so as to permit preparation of their Consolidated financial statements in accordance with GAAP.

(j) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or, in the reasonable judgment of the Borrower or such Subsidiary, useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(k) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or

such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate other than:

(i) transactions among the Borrower and any of its wholly owned Subsidiaries; and

(ii) transactions among wholly owned Subsidiaries of the Borrower.

(1) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, Consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Borrower as having been prepared in accordance with GAAP, together with (a) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto and (b) a schedule in form and substance satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in Section 5.03;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing Consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion reasonably acceptable to the Required Lenders by Arthur Andersen L.L.P. or other independent public accountants acceptable to the Required Lender, together with (a) a certificate of the chief financial officer of the Borrower stating that no default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto and (b) a schedule in form and substance satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in Section 5.03;

(iii) promptly after the Borrower becomes aware of and in any event within two Business Days after becoming aware of each Default, continuing on the date of such statement, a statement of the chief financial officer of the

Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

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

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

(vi) promptly and in any event within 10 days after the Borrower or any of its ERISA Affiliates knows that any ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, that the Borrower or such ERISA Affiliate has taken and proposes to take with respect thereto;

(viii) promptly and in any event within three Business Days after receipt thereof by the Borrower or any of its ERISA Affiliates, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any such Plan;

(ix) promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan;

(x) promptly and in any event within five Business Days after receipt thereof by the Borrower or any of its ERISA Affiliates from the sponsor of a Multiemployer Plan, copies of each notice concerning (x) the imposition of Withdrawal Liability by any such Multiemployer Plan, (y) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (z) the amount of liability incurred, or that may be incurred, by the Borrower or any of its ERISA Affiliates in connection with any event described in clause (x) or (y);

(xi) (A) as soon as practical and in any event promptly after the receipt thereof by the Borrower, copies of all written claims, complaints, notices or inquiries relating to compliance by the Borrower or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be likely to have a Material Adverse Effect or could reasonably be likely to (x) form the basis of an Environmental Action against the Borrower or

any of its Subsidiaries or such property that could reasonably be likely to have a Material Adverse Effect or (y) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could reasonably be likely to have a Material Adverse Effect and (B) on or before every March 31 and September 30, commencing on or before September 30, 1995, a report regarding environmental matters containing the type of information set forth in the Borrower's Environmental Disclosure Report; and

(xii) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding any of the foregoing, at any time when the Borrower is subject to the reporting requirements of Section 13(a)(2) of the Securities Exchange Act of 1934, the Borrower shall be deemed to have complied with the requirements of clauses (i), (ii) and (v) above, if the Borrower shall deliver such information to the Administrative Agent promptly after the filing thereof with the Securities and Exchange Commission by the Borrower and in any event within three Business Days after such filing.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

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

(i) Permitted Liens,

(ii) purchase money Liens upon or in any property acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the acquisition of such property, or Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property being acquired, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced,

(iii) the Liens described on Schedule 5.02(a),

(iv) other Liens securing Debt outstanding in an aggregate principal amount (as to the Borrower and all of its Subsidiaries) not to exceed \$25,000,000, and

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

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (i) any wholly owned Subsidiary of the Borrower may merge or consolidate with or into, or dispose of all or substantially all of its assets to, any other wholly owned Subsidiary of the Borrower, (ii) any wholly owned Subsidiary of the Borrower may merge into or dispose of all or substantially all of its assets to the Borrower, and (iii) the Borrower may merge with any other Person, provided in each case that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom and, in the case of any merger to which the Borrower is a party, (A) the Borrower is the surviving corporation, (B) after giving effect to the consummation of such merger, (x) the Consolidated Tangible Net Worth of the Borrower and its Subsidiaries shall be no less than the Consolidated Tangible Net Worth of the Borrower and its Subsidiaries immediately prior to such merger, (y) the Borrower's Public Debt Rating from each of S&P and Moody's shall be the same or better than immediately prior to the merger (except that in the event that the Borrower's Public Debt Rating has increased after the Effective Date, the Borrower's Public Debt Rating shall be the same or better than the Borrower's Public Debt Rating on the Effective Date) and (z) the Borrower shall be in compliance with the covenant set forth in Section 5.03 (calculated on a pro forma basis, as of the date of the consummation of such merger) and (C) the Borrower shall be in the same line of business as conducted by it immediately prior to such merger.

(c) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except (i) as permitted by Section 5.02(b), (ii) any such sale, lease, transfer or disposition that is made in the ordinary course of its business, (iii) any such sale, lease, transfer or disposition by a Subsidiary of the Borrower to the Borrower or to another wholly owned Subsidiary of the Borrower (whether by dissolution, liquidation or otherwise) and (iv) any such sale, lease transfer or disposition to the extent the net book value of all assets sold, leased, transferred or disposed of from and after the date hereof pursuant to this clause (iv), does not exceed the greater of (x) \$151,117,500 and

(y) 10% of the Borrower's Consolidated Assets measured as of the last day of the most recent Fiscal Quarter of the Borrower ended on or prior to such date of determination.

(d) Subsidiary Debt. Permit any of its Subsidiaries to create or suffer to exist, any Debt other than:

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

(ii) Debt existing on the Effective Date and described on Schedule 5.02(d) (the "Existing Subsidiary Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Subsidiary Debt, provided that the terms of any such extending, refunding or refinancing Debt, and of any agreement entered into and of any instrument issued in connection therewith, are otherwise permitted by this Agreement and provided further that the principal amount of such Existing Subsidiary Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(iii) Debt secured by Liens permitted by Section 5.02(a)(ii) or (iv), and with respect to Section 5.02(a)(iv), not to exceed in the aggregate the amount set forth in such subsection,

(iv) unsecured Debt incurred in the ordinary course of business in an aggregate amount not to exceed at any one time outstanding (as to all Subsidiaries of the Borrower) 10% of the Consolidated Tangible Net Worth of the Borrower and its Subsidiaries, and

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

(e) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of the business of the Borrower and its Subsidiaries taken as a whole as carried on at the date hereof.

(f) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices that would prevent the Borrower from preparing its Consolidated financial statements in accordance with GAAP.

SECTION 5.03. Financial Covenant. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

Leverage Ratio. Cause, on the last day of each Fiscal Quarter of the Borrower, the ratio of (i) Consolidated Debt of the Borrower and its Subsidiaries on such date of determination to (ii) Consolidated EBITDA of the Borrower and its Subsidiaries for the four Fiscal Quarters ended on such date not to exceed 4.0 to 1.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable or the Borrower shall fail to pay any interest on any Advance or make any other payment due in connection with this Agreement or any Note within five days after the same becomes due and payable; or

(b) Any representation or warranty made or deemed made by or on behalf of the Borrower herein or in any notice, report, certificate, financial statement, instrument, agreement or other writing delivered or prepared in connection with this Agreement, shall prove to have been incorrect in any material respect when made; or

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

(d) (i) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium, interest or other amount payable with respect to any Debt that is outstanding in a principal amount of at least \$1,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after

the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or (ii) any event shall occur or condition shall exist (other than a default of the type described in clause (i) above) under any agreement or instrument relating to any Debt that is outstanding in a principal amount of at least \$1,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or any of its Subsidiaries (as the case may be) and shall continue after the applicable grace period, if any, specified in such agreement or instrument, and as a result of such default, event of default, event or condition such Debt is accelerated, matures, is declared to be due and payable or is otherwise required to be repaid, prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or (iii) any event shall occur or condition shall exist (including, without limitation, any event of the type described in clause (i) above) under any agreement or instrument relating to any Debt that is outstanding in a principal amount of at least \$25,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or any of its Subsidiaries (as the case may be) and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt, or any such Debt shall be accelerated, declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts, in each such case, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Borrower shall cease for any reason (other than due to death or disability) to constitute a majority of the board of directors of the Borrower (except to the extent that individuals who at the beginning of such 24-month period were replaced by individuals (x) elected by 66-2/3% of the remaining members of the board of directors of the Borrower or (y) nominated for election by a majority of the remaining members of the board of directors of the Borrower and thereafter elected as directors by the shareholders of the Borrower); or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Borrower; or

(i) Any ERISA Event shall have occurred and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of the Plan with respect to which such ERISA Event shall have occurred and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Borrower and its ERISA Affiliates related to any such ERISA Event) exceeds \$10,000,000; or

(j) The Borrower or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower and its ERISA Affiliates

as Withdrawal Liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$5,000,000 per annum; or

(k) The Borrower or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$10,000,000;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE ADMINISTRATIVE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Administrative Agent shall not be required to take any action that

exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank, Toronto-Dominion and Affiliates. With respect to its Commitment, the Advances made by it and the Notes issued to it, each of Citibank and Toronto-Dominion shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent or the Arrangers, as the case may be; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include each of Citibank and Toronto-Dominion in its individual capacity. Each of Citibank and Toronto-Dominion and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank was not the Administrative Agent and Citicorp Securities and Toronto-Dominion were not Arrangers and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and

information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the 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 decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders (other than the Designated Bidders) agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the A Notes then held by each of them (or if no A Notes are at the time outstanding or if any A Notes are held by Persons that are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender (other than the Designated Bidders) agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

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

actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the A Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by each of the Lenders (other than the Designated Bidders), do any of the following: (a) waive any of the conditions specified in Section 3.01, and in the case of the initial Borrowing, Section 3.02, (b) increase the Commitments of such Lenders or subject such Lenders to any additional obligations, (c) reduce the principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; provided further that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, waive any of the conditions specified in Section 3.03 or 3.04; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier or telex communication) and mailed, telecopied, telexed or delivered, if to the Borrower, at its address at 1177 Summer Street, Stamford, Connecticut 06905, Attention: Treasurer, with a copy to: Corporate Secretary; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance or Designation Agreement pursuant to which it became a Lender; and if to the Administrative Agent, at its address at 1 Court Street, Long Island City, New York 11120, Attention: Philip Green-Loan Syndications Operations; or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telecopied or telexed, be effective when deposited in the mails, telecopied or confirmed by telex answerback, respectively, except

that notices and communications to the Administrative Agent pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent.

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

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing and distribution), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement, provided that all such costs and expenses of the Administrative Agent (other than (i) fees and expenses of counsel for the Administrative Agent, (ii) printing costs of the Arrangers incurred in connection with the syndication of the Commitments and (iii) expenses arising under Section 5.01(h)) in excess of \$1,000 shall be subject to the prior consent of the Borrower, such consent not to be unreasonably withheld. The Borrower further agrees to pay on demand all costs and expenses of the Administrative Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Administrative Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify, exonerate and hold harmless the Administrative Agent, each Arranger and each Lender and each of their Affiliates and their officers, directors, employees, agents, advisors, representatives and controlling persons (each, an "Indemnified Party") from and against any and all actions, causes of action, suits, costs, claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel), joint or several (collectively, the "Indemnified Liabilities") that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with (i) the Notes, this Agreement, any of the transactions contemplated herein (including, without limitation, the Amendment) or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property currently or formerly owned or operated by the Borrower or any of its Subsidiaries or any Environmental

Action relating in any way to the Borrower or any of its Subsidiaries, in each case whether or not an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such Indemnified Liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from (x) such Indemnified Party's gross negligence or willful misconduct, or (y) in an action brought by the Borrower against an Indemnified Party, such Indemnified Party's negligence. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The Borrower also agrees not to assert any claim against the Administrative Agent, each Arranger, each Lender, each of their Affiliates, or any of their respective officers, directors, employees, agents, advisors, representatives and controlling persons, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to (i) the Notes, this Agreement, any of the transactions contemplated herein (including, without limitation, the Amendment) or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.09(f), 2.10, 2.11 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

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

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender

or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective (other than Sections 2.01, 2.03 and 2.04 which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments, Designations and Participations.

(a) Each Lender (other than a Designated Bidder) may and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.12 or 2.13) upon at least five Business Days notice to such Lender and the Administrative Agent will, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the A Advances owing to it and the A Note or Notes held by it), provided that (i) other than in the case of an assignment to an Affiliate of such Lender, another Lender, or assignments of the type described in subsection (j) below, such Lender shall have obtained the prior written consent of the Administrative Agent and the Borrower, such consent not to be unreasonably withheld, (ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make B Advances, B Advances owing to it or B Notes), (iii) except in the case of an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$5,000,000 and shall be an integral multiple of \$1,000,000 and, if the assigning Lender is assigning less than all of its Commitments after giving effect to such assignment, the amount of the Commitment of the assigning Lender shall be equal to or greater than \$5,000,000, (iv) each such assignment shall be to an Eligible Assignee, (v) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Administrative Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that

together cover all of the rights and obligations of the assigning Lender under this Agreement, (vi) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any A Note or A Notes subject to such assignment and a processing and recordation fee of \$3,000 (such fee payable by the assignor or assignee, as agreed by the parties thereto). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such

assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, Lender or Affiliate of such assigning Lender, together with any A Note or A Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered A Note or Notes a new A Note, to the order of such Eligible Assignee, in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new A Note, as the case may be, to the order of the assigning Lender, in an amount equal to the Commitment retained by it hereunder. Such new A Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered A Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(d) Each Lender (other than a Designated Bidder) may designate one or more banks or other entities to have a right to make B Advances as a Lender pursuant to Section 2.03, provided that (i) other than in the case of a designation by a Lender of an Affiliate of such Lender, such Lender shall have obtained the prior written consent of the Administrative Agent and the Borrower, such consent not to be unreasonably withheld or delayed, (ii) no such Lender shall be entitled to make more than two such designations, (iii) each such Lender making one or more of such designations shall retain the right to make B Advances as a Lender pursuant to Section 2.03, (iv) each such designation shall be to a Designated Bidder and (v) the parties to each such designation shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Designation Agreement, the designee thereunder shall be a party hereto with a right to make B Advances as a Lender pursuant to Section 2.03 and the obligations related thereto.

(e) By executing and delivering a Designation Agreement, the Lender making the designation thereunder and its designee thereunder confirm and agree with each other and the other parties hereto as follows: (i) such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower

or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such designee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into the Designation Agreement; (iv) such designee will, independently and without reliance upon the Administrative Agent, such designating Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such designee confirms that it is a Designated Bidder; (vi) such designee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such designee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(f) Upon its receipt of a Designation Agreement executed by a designating Lender and a designee representing that it is a Designated Bidder, the Administrative Agent shall, if such Designation Agreement has been completed and is substantially in the form of Exhibit D hereto, (i) accept such Designation Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

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

(h) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with

such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

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

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

SECTION 8.08. Confidentiality. Neither the Administrative Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Borrower, such consent not to be unreasonably withheld, other than (a) to the Administrative Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective assignees, designees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process and (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

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

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

SECTION 8.11. Jurisdiction, Etc. (a) Each of the Borrower, the Administrative Agent and the Lenders hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

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

SECTION 8.12. Waiver of Jury Trial. Each of the Borrower, the Administrative Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

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

RAYONIER INC.

By _____
Title:

By _____
Title:

Commitment

\$26,666,665.50

CITIBANK, N.A.,
as Administrative
Agent and Lender

By _____
Title:

\$26,666,665.50

THE TORONTO-DOMINION BANK,
as Lender

By _____
Title:

\$16,666,667.00

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS
ASSOCIATION

By _____
Title:

\$16,666,667.00

THE BANK OF NEW YORK

By

Title:

\$16,666,667.00

THE CHASE MANHATTAN
BANK, N.A.

By

Title:

\$16,666,667.00

MORGAN GUARANTY TRUST

By

Title:

\$16,666,667.00

NATIONSBANK, N.A. (CAROLINAS)

By

Title:

\$16,666,667.00

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH

By

Title:

\$16,666,667.00

TRUST COMPANY BANK

By

Title:

\$10,000,000.00

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

By _____
Title:

\$10,000,000.00

FLEET BANK, N.A.

By _____
Title:

\$10,000,000.00

UNITED STATES NATIONAL
BANK OF OREGON

By _____
Title:

\$200,000,000

Total of the Commitments

RAYONIER INC. AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES
(unaudited)
(thousands of dollars)

	Three Months Ended March 31,	
	----- 1995	----- 1994
	-----	-----
Earnings:		
Net Income	\$25,149	\$21,719
Add (Deduct):		
Income Taxes	12,528	12,164
Minority Interest	9,300	11,076
Amortization of Capitalized Interest	411	353
	-----	-----
	47,388	45,312
Adjustments to Earnings for Fixed Charges:		
Interest and Other Financial Charges	8,535	6,746
Interest Factor Attributable to Rentals	369	440
	-----	-----
	8,904	7,186
	-----	-----
EARNINGS AS ADJUSTED	\$56,292	\$52,498
	=====	=====
Fixed Charges:		
Fixed Charges above	\$ 8,904	\$ 7,186
Capitalized Interest	190	7
	-----	-----
Total Fixed Charges	\$ 9,094	\$ 7,193
	=====	=====
RATIO OF EARNINGS AS ADJUSTED TO		
TOTAL FIXED CHARGES	6.19	7.30
	=====	=====

3-MOS		
	DEC-31-1995	
	JAN-01-1995	
	MAR-31-1995	
		12,268
		0
		121,947
		4,424
		145,160
		349,553
		1,225,380
		547,451
		1,570,030
	217,016	
		482,783
		158,263
	0	
		0
		515,367
1,570,030		
		285,832
	285,832	
		224,044
		224,044
		15,576
		0
		8,535
		37,677
		12,528
	25,149	
		0
		0
		0
		25,149
		0.84
		0.84