

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report: September 8, 1997  
(Date of Earliest Event Reported)

HUMANA INC.  
(Exact name of Registrant as specified in its Charter)

Delaware	1-5975	61-0647538
(State of	(Commission	(I.R.S. Employer
Incorporation)	File Number)	Tax Identification No.)

500 West Main Street  
Louisville, KY 40202  
(Address of principal executive offices)

(502) 580-1000  
(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets

On September 8, 1997, (the "Effective Time") HUMNOV, Inc., a wholly owned subsidiary of Humana Inc., a Delaware corporation (the "Company"), merged with and into Physician Corporation of America, a Delaware corporation ("PCA"). Pursuant to the Agreement and Plan of Merger dated as of June 2, 1997 among Humana Inc., PCA and HUMNOV, Inc. (the "Merger Agreement") each share of PCA's outstanding Common Stock was converted into the right to receive \$7.00 cash, without interest.

The aggregate purchase price of approximately \$409 million, which includes the purchase of PCA's outstanding Common Stock for approximately \$272 million, the assumption of approximately \$122 million of debt and acquisition costs of approximately \$15 million was funded by the Company

through proceeds from the Company's commercial paper program.

For information regarding terms of the merger, reference is made to the Proxy Statement filed by PCA with the Securities and Exchange Commission on August 8, 1997, and Humana Inc.'s Current Report on Form 8-K dated June 17, 1997.

#### Item 5. Other Events

As of August 13, 1997, the Company entered into a \$1.5 billion revolving credit facility (the "Credit Facility") with Chase Manhattan Bank which acts as sole administrative agent. The Credit Facility contains customary conditions to borrowing, representations and warranties, covenants and events of default. Amounts under the Credit Facility will generally be able to be borrowed, repaid and reborrowed from time to time. The Credit Facility replaced an existing \$600 million credit facility that the Company had with a syndicate of lenders. The Credit Facility is attached hereto as Exhibit 10.

As of September 11, 1997, the Company's Board of Directors authorized an increase in the maximum borrowing limit under the Company's commercial paper program from \$600 million to \$1.5 billion. Borrowings under the commercial paper program are backed by the Credit Facility. The Commercial Paper Private Placement Memoranda with Chase Securities Inc. and Merrill Lynch Money Markets Inc. are attached hereto as Exhibits 4a and 4b, respectively.

#### Item 7. Financial Statements and Exhibits.

The unaudited pro forma condensed consolidated balance sheet of the Company and PCA (collectively the "Combined Entities") as of June 30, 1997, is presented assuming the Merger had occurred on June 30, 1997. The unaudited pro forma condensed consolidated statements of operations of the Combined Entities for the six months ended June 30, 1997, and for the year ended December 31, 1996, present the results of operations of the Combined Entities assuming the merger and related transactions had occurred on January 1, 1996. All material adjustments required to reflect the merger and related transactions are set forth in the "Pro Forma Adjustments" column. The pro forma adjustments are based on preliminary assumptions of the allocation of the purchase price and are subject to substantial revision once appraisals, evaluations and other studies of the fair value of PCA's assets and liabilities are completed. Actual purchase accounting adjustments may differ from the pro forma adjustments presented herein.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical consolidated financial statements of the Company and PCA. The pro forma data is for informational purposes only and may not necessarily reflect future results of operations and financial position or what the results of operations or financial position would have been had the Company and PCA merged at January 1, 1996 or June 30, 1997, respectively.

#### FINANCIAL STATEMENTS

- (1) Unaudited Pro Forma Condensed Consolidated Balance Sheet at June 30, 1997
- (2) Unaudited Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 1997
- (3) Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 1996
- (4) PCA's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, is incorporated by reference herein.
- (5) PCA's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, is incorporated by reference herein.

EXHIBITS

- 4a. The \$1.5 Billion Commercial Paper Private Placement Memorandum between the Company and Chase Securities Inc.
- 4b. The \$1.5 Billion Commercial Paper Private Placement Memorandum between the Company and Merrill Lynch Money Markets Inc.
- 10. The \$1.5 Billion Credit Facility between the Company and Chase Manhattan Bank (agent and CAF loan agent)

Humana Inc.  
 Pro forma Condensed Consolidated Balance Sheet  
 June 30, 1997  
 (Unaudited)  
 (Dollars in millions except per share amounts)

	Historical Humana	Physician Corporation of America	Pro forma Adjustments	Humana Pro forma Combined
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 55	\$ 88		\$ 143
Marketable securities	1,261	138		1,399
Premiums receivable, net	256	66		322
Reinsurance recoverable		109		109
Deferred income taxes	83	18		101
Other	125	25		150
<b>Total current assets</b>	<b>1,780</b>	<b>444</b>		<b>2,224</b>
Long-term marketable securities	157	222	\$151 (a)	530
Property and equipment, net	375	50	(5) (b)	420
Reinsurance recoverable		218		218
Identifiable intangible assets	81		25 (c)	106
Cost in excess of net assets acquired	502	118	359 (d)	979
Deferred income taxes	17		4 (e)	21
Other	46	78		124
<b>Total assets</b>	<b>\$2,958</b>	<b>\$1,130</b>	<b>\$ 534</b>	<b>\$4,622</b>

LIABILITIES and COMMON  
 STOCKHOLDERS' EQUITY

(DEFICIT)

Current liabilities:

Medical and Workers' Compensation claims payable	\$ 997	\$ 341		\$1,338
Accounts payable and accrued expenses	370	84	\$ 55 (f)	509
Current portion of long-term debt		122	(122) (g)	
Income taxes payable	66	4		70
Total current liabilities	1,433	551	(67)	1,917
Debt	3	9	545 (h)	557
Other	138	626		764
Total liabilities	1,574	1,186	478	3,238

Contingencies

Common stockholders' equity:

Common stock, \$.16 2/3 par; authorized 300,000,000 shares; issued and outstanding 163,428,687 shares - June 30, 1997 and 162,681,123 shares - December 31, 1996	27	1	(1) (i)	27
Other	1,357	(57)	57 (i)	1,357
Total common stockholders' equity	1,384	(56)	56	1,384
Total liabilities and common stockholders' equity	\$2,958	\$1,130	\$534	\$4,622

See notes to pro forma condensed consolidated financial statements.

Pro forma Condensed Consolidated Statement of Operations  
For the six months ended June 30, 1997  
(Unaudited)  
(Dollars in millions except per share results)

	Historical Humana	Physician Corporation of America	Pro forma Adjustments	Humana Pro forma Combined
<b>Revenues:</b>				
Premiums	\$3,608	\$ 723		\$4,331
Interest	53	17		70
Other income	7	3		10
Total revenues	3,668	743		4,411
<b>Operating expenses:</b>				
Medical costs	2,971	588		3,559
Selling, general and administrative	519	124		643
Depreciation and amortization	49	9	\$ 4 (j)	62
Total operating expenses	3,539	721	4	4,264
Income from operations	129	22	(4)	147
Interest expense	4	9	14 (k)	27
Income before income taxes	125	13	(18)	120
Income tax provision (benefit)	44	2	(5) (l)	41
Net income (loss)	\$ 81	\$ 11	(\$13)	\$ 79
Earnings (loss) per common share	\$0.49			\$ 0.48
Shares used in earnings per common share computation (000)	162,980			162,980

See notes to pro forma condensed consolidated financial statements.

Humana Inc.  
Notes To Pro forma Condensed Consolidated Financial Statements  
As of and for the six months ended June 30, 1997  
(Unaudited)

Note 1: Pro forma Adjustments - Condensed Consolidated Balance Sheet

as of June 30, 1997

- (a) To record a payment (ultimate purchase of investments) representing the funding of the statutory deficit of PCA Property & Casualty Insurance Company, a wholly owned subsidiary of PCA, ("P&C") as of June 30, 1997.
- (b) To adjust property and equipment to estimated fair market value.
- (c) To record the estimated purchase price in excess of net tangible and identifiable intangible assets acquired:

Purchase price	\$272
Estimated acquisition liabilities (see F/N f)	55
Stockholders' deficit and common stock cancellation	56
Property and equipment adjustment to fair market value	5
Deferred taxes	(4)
Identifiable intangible assets	(25)
	\$359

- (d) To record identifiable intangible assets.
- (e) To record deferred taxes related to purchase accounting adjustments.
- (f) To record estimated liabilities associated with the acquisition transaction including severance, stock option payouts, lease obligations and professional fees.
- (g) To record the refinancing of debt and capital lease obligations of PCA.
- (h) To record the incremental debt incurred to finance the acquisition including the purchase of PCA's outstanding shares (\$272 million), to fund the statutory deficit of P & C (\$151 million), and the refinancing of the debt and capital lease obligations of PCA (\$122 million).
- (i) To eliminate the acquired deficit of PCA as of June 30, 1997.

Note 2: Pro forma Adjustments - Condensed Consolidated Statement of Operations for the six months ended June 30, 1997

- (j) To record amortization related to the excess of purchase price over net tangible assets acquired. The excess of purchase price over net tangible assets acquired will be amortized over 40 years.
- (k) To record estimated interest expense related to the incremental debt incurred to finance the acquisition and fund the statutory deficit of P & C. The debt has an assumed annualized interest rate of 6.5%.
- (l) Estimated pro forma income taxes were recorded at an assumed combined federal and state income tax rate of 35.0 percent.

Humana Inc.  
Pro forma Condensed Consolidated Statement of Operations  
For the year ended December 31, 1996  
(Unaudited)  
(Dollars in millions except per share results)

	Humana	Historical Physician Corporation of America	Pro forma Adjustments	Humana Pro forma Combined
<b>Revenues:</b>				
Premiums	\$6,677	\$1,415		\$8,092
Interest	101	26		127
Other income	10	23		33
Total revenues	6,788	1,464		8,252
<b>Operating expenses:</b>				
Medical costs	5,625	1,131		6,756
Selling, general and administrative	940	390		1,330
Depreciation and amortization	98	22	\$ 9 (m)	129
Asset write-downs and other special charges	96	39		135
Loss on assumption of Workers' Compensation related liabilities		181		181
Total operating expenses	6,759	1,763	9	8,531
Income (loss) from operations	29	(299)	(9)	(279)
Interest expense	11	14	27 (n)	52
Income (loss) before income taxes	18	(313)	(36)	(331)
Income tax provision (benefit)	6	(35)	(9) (o)	(38)

Net income (loss)	\$ 12	(\$ 278)	(\$ 27)	(\$ 293)
Earnings (loss) per common share	\$0.07			(\$1.80)
Shares used in earnings per common share computation (000)	162,532			162,532

See notes to pro forma condensed consolidated financial statements.

Humana Inc.  
Notes To Pro forma Condensed Consolidated Statement of Operations  
For the year ended December 31, 1996  
(Unaudited)

Note 3: Pro forma Adjustments - Condensed Consolidated  
Statement of Income for the year ended December 31, 1996

- (m) To record amortization related to the excess of purchase price over net tangible assets acquired. The excess of purchase price over net tangible assets acquired will be amortized over 40 years.
- (n) To record estimated interest expense related to the incremental debt incurred to finance the acquisition and fund the statutory deficit of P & C. The debt has an assumed annualized interest rate of 6.5%.
- (o) Estimated pro forma income taxes were recorded at an assumed combined federal and state income tax rate of 35.0 percent.

Note 4: Condensed Consolidated Statement of Income for the year ended  
December 31, 1996

Operations for 1996 include nonrecurring items as follows:

- (i) Net income for Humana includes special charges of \$215 million pretax related to the restructuring of the Washington, D.C., health plan, provision for expected future losses on insurance contracts, closing 13 service areas, discontinuing unprofitable products in three markets, a litigation settlement, and planned workforce reductions.
- (ii) Net loss for PCA includes nonrecurring items of \$232 million pretax related to loss on assumption of net Workers' Compensation related liabilities, loss on long lived assets, and gain on sales of subsidiaries.



SIGNATURES

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

HUMANA INC.

-----  
By: Arthur P. Hipwell  
Senior Vice President  
and General Counsel

Dated: September 23, 1997

Exhibit Index

FINANCIAL STATEMENTS

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10. The \$1.5 Billion Credit Facility between the Company and Chase Manhattan Bank (agent and CAF loan agent)

September 1997

\$1,500,000,000

Private Placement of Commercial Paper Notes

THE COMMERCIAL PAPER NOTES ("NOTE") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND INITIAL SALE OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL INVESTORS APPROVED AS "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501 (a) UNDER THE ACT) BY CHEMICAL SECURITIES INC. ("CSI") OR ANOTHER AUTHORIZED PLACEMENT AGENT, AN ("AUTHORIZED PLACEMENT AGENT"). SUBSEQUENT SALES OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL INVESTORS APPROVED AS ACCREDITED INVESTORS BY AN AUTHORIZED PLACEMENT AGENT OR TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE ACT). BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER REPRESENTS (1) THAT THE NOTE IS BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF; (2) THAT IT IS AN ACCREDITED INVESTOR OR, IN THE CASE OF RESALES PURSUANT TO RULE 144A, THAT IT IS A QUALIFIED INSTITUTIONAL BUYER; (3) THAT IT UNDERSTANDS THAT THE NOTE MAY BE SOLD TO IT PURSUANT TO RULE 144A; (4) THAT IT AGREES THAT ANY RESALE OF THE NOTE WILL BE MADE ONLY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT AND ONLY (A) TO AN AUTHORIZED PLACEMENT AGENT, (B) THROUGH AN AUTHORIZED PLACEMENT AGENT TO AN APPROVED INSTITUTIONAL ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER OR (C) DIRECTLY TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MADE PURSUANT TO RULE 144A; AND (5) AS TO THE OTHER MATTER SET FORTH UNDER THE SECTION "PRIVATE PLACEMENT" CONTAINED HEREIN.

CREDIT RATINGS

Commercial Paper

Standard & Poor's Ratings Service	A-2
Moody's Investors Service	P-2

TERMS OF COMMERCIAL PAPER NOTES

Issuer: Humana Inc. (the "Company").

Incorporation: Delaware

Program Size: Authorized to a maximum outstanding of \$1,500,000,000.

Securities: Unsecured commercial paper notes (the "Notes"), ranking pari passu with Humana Inc.'s other unsubordinated and unsecured indebtedness.

Exemption: The Notes are exempt from registration under the Securities Act of 1933 pursuant to Section 4(2), as amended, and cannot be resold unless registered or pursuant to an exemption from registration.

Offering Price: Par less a discount representing an interest factor or, if interest bearing, at par.

Denominations: Minimum of \$250,000.

Maturities: Up to 270 days from date of issue.

Redemption: The Notes will not be redeemed prior to maturity or be subject to voluntary prepayment.

Form: Each Note will be evidenced by (i) a note certificate issued in bearer form or (ii) one of two master notes (interest bearing or discount) registered in the name of the nominee of the Depository Trust Company ("DTC"). Each master note (the "Book-Entry Notes") will be deposited with the Issuing and Paying Agent as subcustodian for DTC or its successor. The Company has been advised that DTC will record, by appropriate entries on its book-entry registration and transfer system, the

respective amounts payable in respect of Book-Entry Notes. Payments by DTC participants to purchasers for whom a DTC participant is acting as agent in respect of Book-Entry Notes will be governed by the standing instructions and customary practices under which securities are held at DTC through DTC participants.

Settlement: Unless otherwise agreed to, same day basis, in immediately available funds.

Issuing & Paying Agent: The Chase Manhattan Bank  
55 Water St. - 2nd Floor, Room 234  
New York, NY 10041

#### USE OF PROCEEDS

Proceeds from the sale of the commercial paper notes will be used to meet working capital requirements and for general corporate purposes, including the funding of acquisitions and share repurchases.

#### BANK FACILITIES

Humana Inc. maintains unsecured bank borrowing facilities sufficient to support the commercial paper outstanding.

#### PRIVATE PLACEMENT

The Commercial Paper Notes (the "Notes") have not been registered under the Securities Act of 1933, as amended (the "Act") in reliance upon the exemption from registration provided by Section 4(2) thereof, which exempts transactions by an issuer not involving any public offering. The Notes are being offered initially only to accredited investors in minimum denominations of \$250,000. In the case of a non-bank purchaser acting as a fiduciary for one or more third parties, each third party must be an accredited investor and must purchase at least \$250,000 in Notes. Each purchaser of a Note from or through an Authorized Placement Agent will be deemed to have represented and agreed as follows: (1) the purchaser understands that the Notes are being issued only in transactions not involving any public offering within the meaning of the Act; (2) the purchaser is a sophisticated institutional investor who (A) is an "Accredited Investor" (as that term is defined in Rule 501(a) of Regulation D under the Act) (or is a fiduciary or agent (other than a U.S. bank or savings and loan association) which is purchasing the Notes for the account of an institutional Accredited Investor), (B) has knowledge and experience (or is a fiduciary or agent with sole investment discretion having such knowledge and experience) in financial and business matters and it (or such fiduciary or agent) is capable of evaluating the merits and risks of investing in the Notes, (C) has had access to such information as the purchaser deems necessary in order to make an informed investment decision, and (D) in the case of a resale of Notes pursuant to Rule 144A under the Act, is a "Qualified Institutional Buyer" as defined in Rule 144A or is a Qualified Institutional Buyer purchasing the Notes on behalf of one or more other Qualified Institutional Buyers; (3) such Note is being purchased for the purchaser's own account (or for the account of one or more institutional Accredited Investors (or, in the case of a resale pursuant to Rule 144A under the Act, one or more other Qualified Institutional Buyers) for which it is acting as duly authorized fiduciary or agent) for investment and not with a view to, or for sale in connection with, any distribution thereof; (4) if in the future the purchaser (or any such investor or any other fiduciary or agent representing such investor) decides to sell such Note prior to maturity, it will be sold only in a transaction exempt from registration under the Act, and only (A) to an Authorized Placement Agent, (B) through an Authorized Placement Agent to an institutional investor approved by an Authorized Placement Agent as an Accredited Investor or a Qualified Institutional Buyer or (C) directly to a Qualified Institutional Buyer in a transaction made pursuant to Rule 144A; (5) the purchaser understands that, although an Authorized Placement Agent may repurchase Notes, the Authorized Placement Agents are not obligated to do so, and accordingly the purchaser (or any such other investor) should be prepared to hold such Note until maturity; (6) the purchaser has had the opportunity to ask questions of, and receive answers from, the Company; (7) the purchaser acknowledges that the Authorized Placement Agents have not verified any of the information contained or incorporated by reference in this Memorandum and make no representation of any kind as to the accuracy or completeness of such information; (8) the purchaser acknowledges that Notes sold to the purchaser by an Authorized Placement Agent may be sold to the purchaser pursuant to

Rule 144A under the Act; and (9) the purchaser understands that each Note will bear a legend substantially as set forth in capital letters on the cover page.

HUMANA INC.

Since 1983, the Company has offered managed health care products which integrate medical management with the delivery of health care services through a network of providers who share financial risk or who have incentives to deliver cost-effective medical services. These products are marketed primarily through health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that require or encourage the use of contracting providers. HMOs and PPOs control health care costs by various means, including pre-admission approval for hospital inpatient services and pre-authorization of outpatient surgical procedures. The company also offers various specialty and administrative service products including dental, group life, workers' compensation, and pharmacy benefit management services.

#### AVAILABLE INFORMATION

Humana Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information may be inspected without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, NW, Washington, D.C. 20549, and at the Regional Offices of the Commission. Copies thereof may be obtained from the Commission upon payment of the prescribed fees. If available, such reports and other information may also be accessed electronically through the Commission's electronic data gathering, analysis and retrieval system ("EDGAR"). Humana Inc. will provide without charge to each purchaser of the Notes, upon oral or written request, a copy of any and all documents filed with the Commission and any and all publicly available financial information. Requests should be directed to: Humana Inc., 500 West Main Street, Louisville, Kentucky 40202, (502) 580-1000.

#### CSI AFFILIATES

Chase Manhattan Bank and other lending affiliates of CSI participate on a regular basis in various general financing and banking transactions and services for the Company. Proceeds from the sales of the Notes may be used to repay indebtedness of the Company to The Chase Manhattan Bank or other lending affiliates of CSI.

#### ADDITIONAL INFORMATION

If you require additional information or have any questions, please contact:

Ronald D. Flynn  
Money Market Origination  
Chase Securities Inc.  
270 Park Avenue, 7th Floor  
New York, NY 10017  
Phone: (212) 834-3435  
Fax: (212) 834-6560

The information contained herein has been obtained from sources which CSI believes to be reliable; however, CSI makes no representation as to either the completeness or accuracy of this information.

CSI, a wholly-owned subsidiary of The Chase Manhattan Corporation, is a separate entity from The Chase Manhattan Bank and other lending affiliates. Unless expressly disclosed otherwise to you, securities sold, offered or recommended by CSI are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by an affiliated bank or other lending affiliate, and are not otherwise an obligation or responsibility of any affiliated bank or other lending affiliate.

#### Offering Memorandum Approval:

The information in the sections "CSI Affiliates" and "Additional Information" is particular to Chase Securities Inc. All other information contained in this memorandum has been provided by and agreed upon by the Company.

Approved:

By: James W. Doucette

Title: Vice President and Treasurer  
Date: September 11, 1997

We hereby approve the form of the attached Private Placement Memorandum for use in connection with the offering of notes.

Humana Inc.

/s/ James W. Doucette  
James W. Doucette  
Vice President and Treasurer

September 11, 1997

September 1997

\$1,500,000,000  
Private Placement of Commercial Paper Notes

THE COMMERCIAL PAPER NOTES ("NOTE") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND INITIAL SALE OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL INVESTORS APPROVED AS "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501 (a) UNDER THE ACT) BY MERRILL LYNCH MONEY MARKETS INC. ("MERRILL LYNCH") OR ANOTHER AUTHORIZED PLACEMENT AGENT, AN ("AUTHORIZED PLACEMENT AGENT"). SUBSEQUENT SALES OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL INVESTORS APPROVED AS ACCREDITED INVESTORS BY AN AUTHORIZED PLACEMENT AGENT OR TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE ACT). BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER REPRESENTS (1) THAT THE NOTE IS BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF; (2) THAT IT IS AN ACCREDITED INVESTOR OR, IN THE CASE OF REALES PURSUANT TO RULE 144A, THAT IT IS A QUALIFIED INSTITUTIONAL BUYER; (3) THAT IT UNDERSTANDS THAT THE NOTE MAY BE SOLD TO IT PURSUANT TO RULE 144A; (4) THAT IT AGREES THAT ANY REALE OF THE NOTE WILL BE MADE ONLY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT AND ONLY (A) TO AN AUTHORIZED PLACEMENT AGENT, (B) THROUGH AN AUTHORIZED PLACEMENT AGENT TO AN APPROVED INSTITUTIONAL ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER OR (C) DIRECTLY TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MADE PURSUANT TO RULE 144A; AND (5) AS TO THE OTHER MATTER SET FORTH UNDER THE SECTION "PRIVATE PLACEMENT" CONTAINED HEREIN.

PLACEMENT AGENT:

Merrill Lynch Money Markets Inc.

The date of this Private Placement Memorandum is September 22, 1997.

CREDIT RATINGS (1)

Commercial Paper

Standard & Poor's Ratings Service	A-2
Moody's Investors Service	P-2

TERMS OF COMMERCIAL PAPER NOTES

Issuer: Humana Inc. (the "Company"). Since 1983, the Company has offered managed health care products which integrate management with the delivery of health care services through a network of providers who share financial risk or who have incentives to deliver cost-effective medical services.

Incorporation: Delaware

Program Size: Authorized to a maximum outstanding of \$1,500,000,000.

Securities: Unsecured commercial paper notes (the "Notes"), ranking pari passu with Humana Inc.'s other unsubordinated and unsecured indebtedness.

Exemption: The Notes are exempt from registration under the Securities Act of 1933 pursuant to Section 4(2), as amended, and cannot be resold unless registered pursuant to an exemption from registration.

Offering Price: Par less a discount representing an interest factor or, if interest bearing, at par.

Denominations: Minimum of \$250,000.

Maturities: Up to 270 days from date of issue.

Redemption: The Notes will not be redeemed prior to maturity or be subject to voluntary prepayment.

Form: Each Note will be evidenced by (i) a note certificate issued in bearer form or (ii) one of two master notes (interest bearing or discount) registered in the name of the nominee of the Depository Trust Company ("DTC"). Each master note (the "Book-Entry Notes") will be deposited with the Issuing and Paying Agent as subcustodian for DTC or its successor. DTC will record, by appropriate entries on its book-entry registration and transfer system, the respective amounts payable in respect of Book-Entry Notes. Payments by DTC participants to purchasers for whom a DTC participant is acting as agent in respect of Book-Entry Notes will be governed by the standing instructions and customary practices under which securities are held at DTC through DTC participants.

Settlement: Unless otherwise agreed to, same day basis, in immediately available funds.

(1) Such ratings are only accurate as of the date hereof, as they have been obtained with the understanding that Standard & Poor's Ratings Service and Moody's Investors Service would continue to monitor the credit of the Company and make future adjustments to such ratings to the extent warranted. The ratings may be changed, superseded or withdrawn, and therefore, a prospective purchaser should check the current ratings before purchasing the Notes.

Issuing & Paying Agent: Chase Manhattan Bank  
c/o Morgan Guaranty Trust Company  
15 Broad Street  
18th Floor, CP Window  
New York, NY 10023

#### USE OF PROCEEDS

Proceeds from the sale of the commercial paper notes will be used to meet working capital requirements and for general corporate purposes, including the funding of acquisitions and share repurchases.

#### BANK FACILITIES

Humana Inc. maintains unsecured bank borrowing facilities sufficient to support the commercial paper outstanding.

#### PRIVATE PLACEMENT

The Commercial Paper Notes (the "Notes") have not been registered under the Securities Act of 1933, as amended (the "Act") in reliance upon the exemption from registration provided by Section 4(2) thereof, which exempts transactions by an issuer not involving any public offering. The Notes are being offered initially only to accredited investors in minimum denominations of \$250,000. In the case of a non-bank purchaser acting as a fiduciary for one or more third parties, each third party must be an accredited investor and must purchase at least \$250,000 in Notes. Each purchaser of a Note from or through an Authorized Placement Agent will be deemed to have represented and agreed as follows: (1) the purchaser understands that the Notes are being issued only in transactions not involving any public offering within the meaning of the Act; (2) the purchaser is a sophisticated institutional investor who (A) is an "Accredited Investor" (as that term is defined in Rule 501(a) of Regulation D under the Act) (or is a fiduciary or agent (other than a U.S. bank or savings and loan association) which is purchasing the Notes for the account of an institutional Accredited Investor), (B) has knowledge

and experience (or is a fiduciary or agent with sole investment discretion having such knowledge and experience) in financial and business matters and it (or such fiduciary or agent) is capable of evaluating the merits and risks of investing in the Notes, (C) has had access to such information as the purchaser deems necessary in order to make an informed investment decision, and (D) in the case of a resale of Notes pursuant to Rule 144A under the Act, is a "Qualified Institutional Buyer" as defined in Rule 144A or is a Qualified Institutional Buyer purchasing the Notes on behalf of one or more other Qualified Institutional Buyers; (3) such Note is being purchased for the purchaser's own account (or for the account of one or more institutional Accredited Investors (or, in the case of a resale pursuant to Rule 144A under the Act, one or more other Qualified Institutional Buyers) for which it is acting as duly authorized fiduciary or agent) for investment and not with a view to, or for sale in connection with, any distribution thereof; (4) if in the future the purchaser (or any such investor or any other fiduciary or agent representing such investor) decides to sell such Note prior to maturity, it will be sold only in a transaction exempt from registration under the Act, and only (A) to an Authorized Placement Agent, (B) through an Authorized Placement Agent to an institutional investor approved by an Authorized Placement Agent as an Accredited Investor or a Qualified Institutional Buyer or (C) directly to a Qualified Institutional Buyer in a transaction made pursuant to Rule 144A; (5) the purchaser understands that, although an Authorized Placement Agent may repurchase Notes, the Authorized Placement Agents are not obligated to do so, and accordingly the purchaser (or any such other investor) should be prepared to hold such Note until maturity; (6) the purchaser has had the opportunity to ask questions of, and receive answers from, the Company; (7) the purchaser acknowledges that the Authorized Placement Agents have not verified any of the information contained or incorporated by reference in this Memorandum and make no representation of any kind as to the accuracy or completeness of such information; (8) the purchaser acknowledges that Notes sold to the purchaser by an Authorized Placement Agent may be sold to the purchaser pursuant to Rule 144A under the Act; and (9) the purchaser understands that each Note will bear a legend substantially as set forth in capital letters on the cover page.

#### AVAILABLE INFORMATION

Humana Inc. has made financial and other information readily available on Disclosure Inc. and Moody's/Docutronics Information Service, Inc. The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information may be inspected without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, NW, Washington, D.C. 20549, and at the Regional Offices of the Commission. Copies thereof may be obtained from the Commission upon payment of the prescribed fees. If available, such reports and other information may also be accessed electronically through the Commission's electronic data gathering, analysis and retrieval system ("EDGAR") via electronic means, including the Commission's web site on the Internet (<http://www.sec.gov>). Humana will provide without charge to each purchaser of the Notes, upon oral or written request, a copy of any and all documents filed with the Commission and any and all publicly available financial information. Requests should be directed to: Humana Inc., 500 West Main Street, Louisville, Kentucky 40202, (502) 580-1000. If you have any questions or require any additional information please contact: Merrill Lynch Money Markets Inc., Marketing Department - 11th Floor, World Financial Center, North Tower, 250 Vesey Street, New York, N.Y. 10281-1311, (212) 449-0296.



CREDIT AGREEMENT

among

HUMANA INC.,

THE SEVERAL BANKS AND OTHER FINANCIAL INSTITUTIONS  
FROM TIME TO TIME PARTIES HERETO,

BANK OF AMERICA NT&SA, AS DOCUMENTATION AGENT

AND

THE CHASE MANHATTAN BANK,  
AS ADMINISTRATIVE AGENT AND AS CAF LOAN AGENT

DATED AS OF AUGUST 13, 1997

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CREDIT AGREEMENT, dated as of August 13, 1997, among HUMANA INC., a Delaware corporation (the "Company"), the several banks and other financial institutions from time to time parties to this Agreement (the "Banks"), BANK OF AMERICA NT&SA, a national banking association, as documentation agent (in such capacity, the "Documentation Agent") and THE CHASE MANHATTAN BANK, a New York banking corporation, as administrative agent for the Banks hereunder (in such capacity, the "Agent") and as CAF Loan agent (in such capacity, the "CAF Loan Agent").

W I T N E S S E T H:

WHEREAS, the Company, certain of the Banks and the Agent are parties to the Amended and Restated Credit Agreement dated as of September 26, 1995, (the "Existing Credit Agreement");

WHEREAS, the Company has requested the Banks to provide a \$1,500,000,000 credit facility which will be used to refinance the Existing Credit Agreement and for general corporate purposes; and

WHEREAS, the Banks are willing to provide such credit facility upon and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"Additional Bank": as defined in subsection 2.5(d).

"Admitted Asset": with respect to any HMO Subsidiary or Insurance Subsidiary, any asset of such HMO subsidiary or Insurance Subsidiary which qualifies as an "admitted asset" (or any like item) under the applicable Insurance Regulations and HMO Regulations.

"Affiliate": as to any Person, any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Aggregate Outstanding Extensions of Credit": as to any Bank at any time, an amount equal to the sum of (a) the aggregate principal amount of all Loans made by such Bank then outstanding and (b) such Bank's Commitment Percentage of the L/C Obligations then outstanding.

"Agreement": this Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Alternate Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Agent as its prime rate in effect at its principal office in New York City (each change in the Prime Rate to be effective on the date such change is publicly announced); "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the C/D Reserve Percentage and (b) the C/D Assessment Rate; "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board of Governors of the Federal Reserve System (the "Board") through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it; "C/D Reserve Percentage" shall mean, for any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board (or any successor), for determining the maximum reserve

requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion Dollars in respect of new non-personal three-month certificates of deposit in the secondary market in Dollars in New York City and in an amount of \$100,000 or more; "C/D Assessment Rate" shall mean, for any day, the net annual assessment rate (rounded upward to the nearest 1/100th of 1%) determined by The Chase Manhattan Bank to be payable on such day to the Federal Deposit Insurance Corporation or any successor ("FDIC") for FDIC's insuring time deposits made in Dollars at offices of The Chase Manhattan Bank in the United States; and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Agent from three federal funds brokers of recognized standing selected by it. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Loans": Revolving Credit Loans hereunder at such time as they are made and/or being maintained at a rate of interest based upon the Alternate Base Rate.

"Applicable LIBOR Auction Advance Rate": in respect of any CAF Loan requested pursuant to a LIBOR Auction Advance Request, the London interbank offered rate for deposits in Dollars for the period commencing on the date of such CAF Loan and ending on the maturity date thereof which appears on Telerate Page 3750 as of 11:00 A.M., London time, two Working Days prior to the beginning of such period.

"Applicable Margin": for each Type of Revolving Credit Loan, for any fiscal quarter, the applicable rate per annum set forth in Schedule 2 hereto opposite the Consolidated Capitalization Ratio then in effect. Such Applicable Margin shall be in effect for the period beginning the first Business Day following the date to which the Consolidated Capitalization Ratio Certificate is applicable; provided that for the purposes of calculating the Applicable Margin, the Consolidated Capitalization Ratio during the six month period following the Closing Date shall be deemed to be the greater of (i) the actual Consolidated Capitalization Ratio and (ii) .35.

"Application": any application, in such form as the Issuing Bank may specify from time to time, requesting the Issuing Bank to open a Letter of Credit.

"Available Commitments": at a particular time, an amount equal to the difference between (a) the amount of the Commitments at such time and (b) the Aggregate Outstanding Extensions of Credit at such time.

"Average Quarterly Commitment": as defined in subsection 2.4(a) hereto.

"Bank Obligations": as defined in subsection

8.1.

"Banks": the several banks and other financial institutions from time to time parties to this Agreement.

"Benefitted Bank": as defined in subsection 10.7.

"Borrowing Date": any Business Day specified in a notice pursuant to subsection 2.1(b) or 2.2(b) as a date on which the Company requests the Banks to make Revolving Credit Loans or CAF Loans, as the case may be, hereunder.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"CAF Loan": each CAF Loan made pursuant to subsection 2.2; the aggregate amount advanced by a CAF Loan Bank pursuant to subsection 2.2 on each CAF Loan Date shall constitute one or more CAF Loans, as specified by such CAF Loan Bank pursuant to subsection 2.2(b) (vi).

"CAF Loan Assignee": as defined in subsection 10.6(c).

"CAF Loan Assignment": any assignment by a CAF Loan Bank to a CAF Loan Assignee of a CAF Loan and related Individual CAF Loan Note; any such CAF Loan Assignment to be registered in the Register must set forth, in respect of the CAF Loan Assignee thereunder, the full name of such CAF Loan Assignee, its address for notices, its lending office address (in each case with telephone and facsimile transmission numbers) and payment instructions for all payments to such CAF Loan Assignee, and must contain an agreement by such CAF Loan Assignee to comply with the provisions of subsection 10.6(c) and subsection 10.6(h) to the same extent as any Bank.

"CAF Loan Banks": Banks from time to time designated as CAF Loan Banks by the Company by written notice to the CAF Loan Agent (which notice the CAF Loan Agent shall transmit to each such CAF Loan Bank).

"CAF Loan Confirmation": each confirmation by the Company of its acceptance of one or more CAF Loan Offers, which CAF Loan Confirmation shall be substantially in the form of Exhibit F and shall be delivered to the CAF Loan Agent in writing or by facsimile transmission.

"CAF Loan Date": each date on which a CAF Loan is made pursuant to subsection 2.2.

"CAF Loan Note": a Grid CAF Loan Note or an Individual CAF Loan Note.

"CAF Loan Offer": each offer by a CAF Loan Bank to make one or more CAF Loans pursuant to a CAF Loan Request, which CAF Loan Offer shall contain the information specified in Exhibit E and shall be delivered to the CAF Loan Agent by telephone, immediately confirmed by facsimile transmission.

"CAF Loan Request": each request by the Company for CAF Loan Banks to submit bids to make CAF Loans, which shall contain the information in respect of such requested CAF Loans specified in

Exhibit D and shall be delivered to the CAF Loan Agent in writing or by facsimile transmission, or by telephone, immediately confirmed by facsimile transmission.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Change in Control": of any corporation, (a) any Person or "group" (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), other than the Company, that shall acquire more than 50% of the Voting Stock of such corporation or (b) any Person or group (as defined in preceding clause (a)), other than the Company, that shall acquire more than 20% of the Voting Stock of such corporation and, at any time following an acquisition described in this clause (b), the Continuing Directors shall not constitute a majority of the board of directors of such corporation.

"Closing Date": the date on which all of the conditions precedent for the Closing Date set forth in Section 5 shall have been fulfilled.

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

"Commercial Letter of Credit": as defined in subsection 3.1(a).

"Commitment": as to any Bank, its obligation to make Revolving Credit Loans to the Company pursuant to subsection 2.1(a) and/or issue or participate in Letters of Credit issued on behalf of the Company in an aggregate principal amount and/or face amount not to exceed at any one time outstanding the amount set forth opposite such Bank's name in Schedule I, as such amount may be reduced or increased from time to time as provided herein.

"Commitment Percentage": as to any Bank, the percentage of the aggregate Commitments constituted by such Bank's Commitment.

"Commitment Period": the period from and including the Closing Date to but not including the Termination Date or such earlier date on which the Commitments shall terminate as provided herein.

"Commitment Transfer Supplement": a Commitment Transfer Supplement, substantially in the form of Exhibit G.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of a group which includes the Company and which is treated as a single employer under Section 414 of the Code.

"Consolidated Assets": the consolidated assets of the Company and its Subsidiaries, determined in accordance with GAAP.

"Consolidated Capitalization Ratio": as at the end of any fiscal quarter, the ratio of (i) Consolidated Total Debt to (ii) the sum of (A) Consolidated Total Debt and (B) Consolidated Net Worth, in each case at such date.

"Consolidated Capitalization Ratio Certificate": as defined in subsection 6.4(b) hereto.

"Consolidated EBIT": for any period for which the amount thereof is to be determined, Consolidated Net Income for such period plus all amounts deducted in computing such Consolidated Net Income in respect of Consolidated Interest Expense and income taxes, all determined in accordance with GAAP; provided, that for purposes of calculating Consolidated EBIT for any period of four full fiscal quarters, (i) the Consolidated EBIT attributable to any Person or business unit acquired by the Company or its Subsidiaries during such period (such Consolidated EBIT to be calculated in the same manner as Consolidated EBIT for the Company and its Subsidiaries is calculated, mutatis mutandis, provided that amounts arising prior to the time such acquired Person or business unit was acquired attributable to (a) any discontinued operations or products of the acquired Person or business unit or (b) operations or products of the acquired Person or business unit which the Company expects to discontinue as disclosed in the Company's reports filed with the Securities and Exchange Commission within three months after the date of acquisition of such Person or business unit shall be excluded in such calculation) shall be included on a pro forma basis for such period of four full fiscal quarters (assuming the consummation of each such acquisition and the incurrence, assumption or repayment of any Indebtedness in connection therewith occurred on the first day of such period of four full fiscal quarters) and provided further that charges of Physician Corporation of America relating to workers' compensation arising during the third and fourth fiscal quarters of 1996, not to exceed \$275,900,000, shall be excluded for purposes of calculating the Consolidated EBIT of Physician Corporation of America and (ii) the Consolidated EBIT of any Person or business unit disposed of by the Company or its Subsidiaries during such period (such Consolidated EBIT to be calculated in the same manner as Consolidated EBIT for the Company and its Subsidiaries is calculated, mutatis mutandis) shall be deducted on a pro forma basis for such period of four full fiscal quarters (assuming the consummation of each such disposition and the repayment of any Indebtedness in connection therewith occurred on the first day of such period of four full fiscal quarters).

"Consolidated EBITDA": for any fiscal period for which the amount thereof is to be determined, Consolidated EBIT for such fiscal period plus, to the extent deducted from Consolidated Net Income for such fiscal period, depreciation and amortization for such fiscal period.

"Consolidated Interest Expense": for any period for which the amount thereof is to be determined, all amounts deducted in computing Consolidated Net Income for such period in respect of interest expense on Indebtedness determined in accordance with GAAP; provided, that for purposes of calculating Consolidated Interest Expense for any period of four full fiscal quarters, (i) the Consolidated Interest Expense of any Person or business unit acquired by the Company or its Subsidiaries during such period (such Consolidated Interest Expense to be calculated in the same manner as Consolidated Interest Expense for the Company and its Subsidiaries is calculated, mutatis mutandis, provided that amounts arising prior to the time such acquired Person or business unit was acquired attributable to



(a) any discontinued operations or products of the acquired Person or business unit or (b) operations or products of the acquired Person or business unit which the Company expects to discontinue as disclosed in the Company's reports filed with the Securities and Exchange Commission within three months after the date of acquisition of such Person or business unit shall be excluded in such calculation) shall be included on a pro forma basis for such period of four full fiscal quarters (assuming the consummation of each such acquisition and the incurrence, assumption or repayment of any Indebtedness in connection therewith occurred on the first day of such period of four full fiscal quarters) and (ii) the Consolidated Interest Expense of any Person or business unit disposed of by the Company or its Subsidiaries during such period (such Consolidated Interest Expense to be calculated in the same manner as Consolidated Interest Expense for the Company and its Subsidiaries is calculated, mutatis mutandis) shall be deducted on a pro forma basis for such period of four full fiscal quarters (assuming the consummation of each such disposition and the repayment of any Indebtedness in connection therewith occurred on the first day of such period of four full fiscal quarters).

"Consolidated Net Income": for any period, the consolidated net income, if any, after taxes, of the Company and its Subsidiaries for such period determined in accordance with GAAP; provided, that, for all purposes other than subsection 7.1(a), Consolidated Net Income shall not be reduced or increased by the amount of any non-cash extraordinary charges or credits that would otherwise be deducted from or added to revenue in determining such Consolidated Net Income.

"Consolidated Net Tangible Assets": at any date, the total amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all current liabilities as disclosed on the consolidated balance sheet of the Company (excluding any thereof which are by their terms extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed and excluding any deferred income taxes that are included in current liabilities), and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with GAAP.

"Consolidated Net Worth": at any date, the stockholders' equity of the Company and its Subsidiaries at such date, determined in accordance with GAAP.

"Consolidated Total Debt": the aggregate of all Indebtedness (including the current portion thereof) of the Company and its Subsidiaries on a consolidated basis.

"Continuing Bank": as defined in subsection 2.5(c).

"Continuing Director": any member of the Board of Directors of the Company who is a member of such Board on the date of this Agreement, and any Person who is a member of such Board and whose nomination as a director was approved by a majority of the Continuing Directors then on such Board.

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

"Control Group Person": any Person which is a member of the controlled group or is under common control with the Company within the meaning of Section 414(b) or 414(c) of the Code or Section 4001(b)(1) of ERISA.

"Default": any of the events specified in subsection 8.1, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Distribution": (a) the declaration or payment of any dividend on or in respect of any shares of any class of Capital Stock of the Company other than dividends payable solely in shares of common stock of the Company; (b) the purchase, redemption or other acquisition of any shares of any class of Capital Stock of the Company directly or indirectly through a Subsidiary or otherwise; and (c) any other distribution on or in respect of any shares of any class of Capital Stock of the Company.

"Dollars" and "\$": dollars in lawful currency of the United States of America.

"Domestic Lending Office": initially, the office of each Bank designated as such in Schedule I; thereafter, such other office of such Bank, if any, located within the United States which shall be making or maintaining Alternate Base Rate Loans.

"Effective Date": as defined in subsection 2.5(b).

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

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto), dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Lending Office": initially, the office of each Bank designated as such in Schedule I; thereafter, such other office of such Bank, if any, which shall be making or maintaining Eurodollar Loans.

"Eurodollar Loans": Revolving Credit Loans hereunder at such time as they are made and/or are being maintained at a rate of interest based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum equal to the average (rounded upwards to the nearest whole multiple of one sixteenth of one percent) of the respective rates notified to the Agent by the Reference Banks as the

rate at which each of their Eurodollar Lending Offices is offered Dollar deposits two Working Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations of such Eurodollar Lending Office are then being conducted at or about 10:00 A.M., New York City time, for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar Loan of such Reference Bank to be outstanding during such Interest Period.

"Eurodollar Tranche": the collective reference to Eurodollar Loans having the same Interest Period (whether or not originally made on the same day).

"Event of Default": any of the events specified in subsection 8.1, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act has been satisfied.

"Financing Lease": any lease of property, real or personal, if the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Fixed Rate Auction Advance Request": any CAF Loan Request requesting the CAF Loan Banks to offer to make CAF Loans at a fixed rate (as opposed to a rate composed of the Applicable LIBOR Auction Advance Rate plus or minus a margin).

"GAAP": (a) with respect to determining compliance by the Company with the provisions of subsections 7.1, 7.2 and 7.5, generally accepted accounting principles in the United States of America consistent with those utilized in preparing the audited financial statements referred to in subsection 4.6 and (b) with respect to the financial statements referred to in subsection 4.6 or the furnishing of financial statements pursuant to subsection 6.4 and otherwise, generally accepted accounting principles in the United States of America from time to time in effect.

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

"Grid CAF Loan Note": as defined in subsection 2.3(e).

"Guarantee Obligation": any arrangement whereby credit is extended to one party on the basis of any promise of another, whether that promise is expressed in terms of an obligation to pay the Indebtedness of another, or to purchase an obligation owed by that other, to purchase assets or to provide funds in the form of lease or other types of payments under circumstances that would enable that other to discharge one or more of its obligations, whether or not such arrangement is listed in the balance sheet of the obligor or referred to in a footnote thereto, but shall not include endorsements of items for collection in the ordinary course of business.

"Headquarters": the principal executive offices of the Company located at 500 West Main Street, Louisville, Kentucky 40202.

"HMO": a health maintenance organization doing business as such (or required to qualify or to be licensed as such) under HMO Regulations.

"HMO Regulation": all laws, regulations, directives and administrative orders applicable under federal or state law to health maintenance organizations and any regulations, orders and directives promulgated or issued pursuant thereto.

"HMO Regulator": any Person charged with the administration, oversight or enforcement of an HMO Regulation.

"HMO Subsidiary": any Subsidiary of the Company that is now or hereafter an HMO.

"Indebtedness": of a Person, at a particular date, the sum (without duplication) at such date of (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services or which is evidenced by a note, bond, debenture or similar instrument, (b) all obligations of such Person under Financing Leases, (c) all obligations of such Person in respect of letters of credit, acceptances, or similar obligations issued or created for the account of such Person in excess of \$1,000,000, (d) all liabilities secured by any Lien on any property owned by the Company or any Subsidiary even though such Person has not assumed or otherwise become liable for the payment thereof, (e) all Guarantee Obligations relating to any of the foregoing in excess of \$1,000,000, and (f) for purposes of subsection 8.1(e) only, all obligations of such Person in respect of Interest Rate Protection Agreements.

"Individual CAF Loan Note": as defined in subsection 2.3(e).

"Insolvency" or "Insolvent": at any particular time, a Multiemployer Plan which is insolvent within the meaning of Section 4245 of ERISA.

"Insurance Regulation": any law, regulation, rule, directive or order applicable to an insurance company.

"Insurance Regulator": any Person charged with the administration, oversight or enforcement of any Insurance Regulation.

"Insurance Subsidiary": any Subsidiary of the Company that is now or hereafter doing business (or required to qualify or to be licensed) under Insurance Regulations.

"Interest Payment Date": (a) as to any Alternate Base Rate Loan, the last day of each March, June, September and December, commencing on the first of such days to occur after Alternate Base Rate Loans are made or Eurodollar Loans are converted to Alternate Base Rate Loans, (b) as to any Eurodollar Loan in respect of which the Company has selected an Interest Period of one, two or three months, the last day of such Interest Period, (c) as to any CAF Loan in respect of which the Company has selected an Interest Period not exceeding 90 days or three months, as the case may be, the last day of such Interest Period and (d) as to any Eurodollar Loan in respect of which the Company has selected a longer Interest Period than the periods described in clause (b) and as to any CAF Loan in respect of which the Company has selected a longer Interest

Period than the periods described in clause (c), the last day of each March, June, September and December falling within such Interest Period and the last day of such Interest Period.

"Interest Period": (a) with respect to any Eurodollar Loans:

(i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loans and ending one, two, three or six months thereafter (or, with the consent of all the Banks, nine or twelve months thereafter), as selected by the Company in its notice of borrowing as provided in subsection 2.1(b) or its notice of conversion as provided in subsection 2.7(a), as the case may be; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loans and ending one, two, three or six months thereafter (or, with the consent of all the Banks, nine or twelve months thereafter), as selected by the Company by irrevocable notice to the Agent not less than three Business Days prior to the last day of the then current Interest Period with respect to such Eurodollar Loans;

provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

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

(2) if the Company shall fail to give notice as provided above, the Company shall be deemed to have selected an Alternate Base Rate Loan to replace the affected Eurodollar Loan;

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

(4) any interest period pertaining to a Eurodollar Loan that would otherwise end after the Termination Date shall end on the Termination Date; and

(5) the Company shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan; and

(b) with respect to any CAF Loans, the period commencing on the Borrowing Date therefor and ending on the maturity date for such CAF Loans as set forth in subsection 2.2(b)(i).

"Interest Rate Protection Agreement": any

interest rate protection agreement, interest rate futures contract, interest rate option, interest rate cap or other interest rate hedge arrangement to or under which the Borrower or any of its Subsidiaries is a party or a beneficiary on the date hereof or becomes a party or a beneficiary after the date hereof.

"Issuing Bank": The Chase Manhattan Bank, in its capacity as issuer of any Letter of Credit.

"L/C Fee Payment Date": the last day of each March, June, September and December.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to subsection 3.5.

"L/C Participants": the collective reference to all the Banks other than the Issuing Bank.

"L/C Sublimit": \$300,000,000.

"Letters of Credit": as defined in subsection 3.1(a).

"Leverage Ratio": at the last day of any full fiscal quarter of the Company, the ratio of (a) all Indebtedness of the Company and its Subsidiaries outstanding on such date to (b) Consolidated EBITDA for the period of four fiscal quarters of the Company ended on such day.

"LIBOR Auction Advance Request": any CAF Loan Request requesting the CAF Loan Banks to offer to make CAF Loans at an interest rate equal to the Applicable LIBOR Auction Advance Rate plus or minus a margin.

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

"Loan": any loan made by any Bank pursuant to this Agreement.

"Loan Documents": this Agreement, the Notes and the Applications.

"Margin Stock": as defined in Regulation U.

"Margin Stock Collateral": all Margin Stock (other than Portfolio Margin Stock) of the Company and its Subsidiaries by which the Loans are deemed "indirectly secured" within the meaning of Regulation U.

"Material Adverse Effect": any material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement and the Notes or (c) the rights and remedies of the Banks with respect to the Company and its Subsidiaries under any of the Loan Documents.

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

"Other Collateral": all assets of the Company and its Subsidiaries (other than Margin Stock) by which the Loans are deemed "indirectly secured" within the meaning of Regulation U.

"Note": any Revolving Credit Note or CAF Loan Note.

"Participants": as defined in subsection 10.6(b).

"Payment Sharing Notice": a written notice from the Company, or any Bank, informing the Agent that an Event of Default has occurred and is continuing and directing the Agent to allocate payments thereafter received from the Company in accordance with subsection 2.11(c).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

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

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Company or a Control Group Person is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Portfolio Margin Stock": Margin Stock held by Insurance Subsidiaries or HMO Subsidiaries as portfolio investments.

"Purchasing Banks": as defined in subsection 10.6(d).

"Reference Banks": The Chase Manhattan Bank, Citibank, N.A. and Bank of America National Trust and Savings Association.

"Register": as defined in subsection 10.6(e).

"Regulation G": Regulation G of the Board of Governors of the Federal Reserve System.

"Regulation T": Regulation T of the Board of Governors of the Federal Reserve System.

"Regulation U": Regulation U of the Board of Governors of the Federal Reserve System.

"Regulation X": Regulation X of the Board of Governors of the Federal Reserve System.

"Reimbursement Obligation": the obligation of the Company to reimburse the Issuing Bank pursuant to subsection 3.5(a) for amounts drawn under Letters of Credit.

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

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .22, .23, .25, .27 or .28 of PBGC Reg. Sec. 4043.

"Requested Termination Date": as defined in subsection 2.5(b).

"Required Banks": (a) during the Commitment Period, Banks whose Commitment Percentages aggregate at least 51% and (b) after the Commitments have expired or been terminated, Banks whose outstanding Loans and L/C Obligations represent in the aggregate at least 51% of all outstanding Loans and L/C Obligations.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, the president, any executive or senior vice president or vice president of the Company, the chief financial officer, treasurer or controller of the Company.

"Revolving Credit Loans": as defined in subsection 2.1(a).

"Revolving Credit Notes": as defined in subsection 2.3(e).

"Riverview Square": the office building of the Company located at 201 West Main Street, Louisville, Kentucky 40202.

"Significant Subsidiary": means, at any particular time, any Subsidiary of the Company that

(a) accounted for at least 5% of consolidated revenues of the Company and its Subsidiaries or 5% of consolidated earnings of the Company and its Subsidiaries before interest and taxes, in each case ending on the last day of the last fiscal quarter immediately preceding the date as of which any such determination is made; or

(b) has assets which represent at least 5% of the consolidated assets of the Company and its Subsidiaries as of the last day of the last fiscal quarter immediately preceding the date of which any such determination is made;

all of which, with respect to clauses (a) or (b), shall be as reflected on the financial statements of the Company for the period, or as of the date, in question.

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

"Solvent": with respect to any Person (or group of Persons) on a particular date, that on such date (i) the fair value of the property of such Person (or group of Persons) is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person (or group of Persons), (ii)



the present fair salable value of the assets of such Person (or group of Persons) is not less than the amount that will be required to pay the probable liability of such Person (or group of Persons) on its debts as they become absolute and matured, (iii) such Person (or group of Persons) is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (iv) such Person (or group of Persons) does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's (or group of Person's) ability to pay as such debts and liabilities mature, (v) such Person (or group of Persons) is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's (or group of Person's) property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person (or group of Persons) is engaged and (vi) such Person (or group of Persons) is solvent under all applicable HMO Regulations and Insurance Regulations. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Standby Letter of Credit": as defined in subsection 3.1(a).

"Subsidiary": as to any Person, a corporation of which shares of stock having ordinary voting power (other than stock having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

"Super-Majority Banks": as defined in subsection 2.5(b).

"Taxes": as defined in subsection 2.15.

"Termination Date": the date one day before the fifth anniversary of the Closing Date (or, if such date is not a Business Day, the next succeeding Business Day), or such other Business Day to which the Termination Date may be changed pursuant to subsection 2.5.

"Terminating Bank": as defined in subsection 2.5(c).

"Transfer Effective Date": as defined in each Commitment Transfer Supplement.

"Transferee": as defined in subsection 10.6(g).

"Type": as to any Revolving Credit Loan, its nature as an Alternate Base Rate Loan or Eurodollar Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"Voting Stock": of any corporation, shares of capital stock or other securities of such corporation entitled to vote generally in the election of directors of such corporation.

"Waterside Building": the real property located at 101 East Main Street, Louisville, Kentucky 40202, including the building housing insurance claim processing operations of the Company.

"Waterside Garage": the parking garage of the Company located at 201 North Brook Street, Louisville, Kentucky 40202.

"Working Day": any Business Day on which dealings in foreign currencies and exchange between banks may be carried on in London, England.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Company and its Subsidiaries not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

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

## SECTION 2. AMOUNT AND TERMS OF LOANS

2.1 Revolving Credit Loans. (a) Subject to the terms and conditions hereof, each Bank severally agrees to make loans ("Revolving Credit Loans") to the Company from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Bank's Commitment Percentage of the then outstanding L/C Obligations, does not exceed the Commitment of such Bank, provided that the Aggregate Outstanding Extensions of Credit of all Banks shall not at any time exceed the aggregate amount of the Commitments. During the Commitment Period the Company may use the Commitments by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Credit Loans may be (i) Eurodollar Loans, (ii) Alternate Base Rate Loans or (iii) a combination thereof, as determined by the Company and notified to the Agent in accordance with subsection 2.1(b). Eurodollar Loans shall be made and maintained by each Bank at its Eurodollar Lending Office, and Alternate Base Rate Loans shall be made and maintained by each Bank at its Domestic Lending Office.

(b) The Company may borrow under the Commitments during the Commitment Period on any Working Day if the borrowing is of Eurodollar Loans or on any Business Day if the borrowing is of Alternate Base Rate Loans; provided that the Company shall give the Agent irrevocable notice (which notice must be received by the Agent (i) prior

to 11:30 A.M., New York City time three Working Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, and (ii) prior to 10:00 A.M., New York City time, on the requested Borrowing Date, in the case of Alternate Base Rate Loans), specifying (A) the amount to be borrowed, (B) the requested Borrowing Date, (C) whether the borrowing is to be of Eurodollar Loans, Alternate Base Rate Loans, or a combination thereof, and (D) if the borrowing is to be entirely or partly of Eurodollar Loans, the length of the Interest Period therefor. Each borrowing pursuant to the Commitments shall be in an aggregate principal amount equal to the lesser of (i) \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof and (ii) the then Available Commitments. Upon receipt of such notice from the Company, the Agent shall promptly notify each Bank thereof. Each Bank will make the amount of its pro rata share of each borrowing available to the Agent for the account of the Company at the office of the Agent set forth in subsection 10.2 prior to 12:00 P.M., New York City time, on the Borrowing Date requested by the Company in funds immediately available to the Agent. The proceeds of all such Revolving Credit Loans will then be made available to the Company by the Agent at such office of the Agent by crediting the account of the Company on the books of such office with the aggregate of the amounts made available to the Agent by the Banks.

2.2 CAF Loans. (a) The Company may borrow CAF Loans from time to time on any Business Day (in the case of CAF Loans made pursuant to a Fixed Rate Auction Advance Request) or any Working Day (in the case of CAF Loans made pursuant to a LIBOR Auction Advance Request) during the period from the Closing Date until the date occurring 14 days prior to the Termination Date in the manner set forth in this subsection 2.2 and in amounts such that the Aggregate Outstanding Extensions of Credit of all Banks at any time shall not exceed the aggregate amount of the Commitments at such time.

(b) (i) The Company shall request CAF Loans by delivering a CAF Loan Request to the CAF Loan Agent, not later than 12:00 Noon (New York City time) four Working Days prior to the proposed Borrowing Date (in the case of a LIBOR Auction Advance Request), and not later than 10:00 A.M. (New York City time) one Business Day prior to the proposed Borrowing Date (in the case of a Fixed Rate Auction Advance Request). Each CAF Loan Request may solicit bids for CAF Loans in an aggregate principal amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and for not more than three alternative maturity dates for such CAF Loans. The maturity date for each CAF Loan (x) if made pursuant to a Fixed Rate Auction Advance Request, shall be not less than 7 days nor more than 360 days after the Borrowing Date therefor (and in any event not after the Termination Date) and (y) if made pursuant to a LIBOR Auction Advance Request, shall be one, two, three, six, nine or twelve months after the Borrowing Date therefor (and in any event not after the Termination Date). The CAF Loan Agent shall promptly notify each CAF Loan Bank by facsimile transmission of the contents of each CAF Loan Request received by it.

(ii) In the case of a LIBOR Auction Advance Request, upon receipt of notice from the CAF Loan Agent of the contents of such CAF Loan Request, any CAF Loan Bank that elects, in its sole discretion, to do so, shall irrevocably offer to make one or more CAF Loans at the Applicable LIBOR Auction Advance Rate plus or minus a margin for each such CAF Loan determined by such CAF Loan Bank in its sole discretion. Any such irrevocable offer shall be made by delivering a CAF Loan Offer to the CAF Loan Agent, before 9:30 A.M., New York City time, three Working Days before the proposed Borrowing Date, setting forth the maximum amount of CAF Loans for each maturity date, and the aggregate maximum amount for all maturity dates, which such Bank would be willing to make (which amounts may,

subject to subsection 2.2(a), exceed such CAF Loan Bank's Commitment) and the margin above the Applicable LIBOR Auction Advance Rate at which such CAF Loan Bank is willing to make each such CAF Loan; the CAF Loan Agent shall advise the Company before 10:00 A.M., New York City time, three Working Days before the proposed Borrowing Date of the contents of each such CAF Loan Offer received by it. If the CAF Loan Agent in its capacity as a CAF Loan Bank shall, in its sole discretion, elect to make any such offer, it shall advise the Company of the contents of its CAF Loan Offer before 9:00 A.M., New York City time, three Working Days before the proposed Borrowing Date.

(iii) In the case of a Fixed Rate Auction Advance Request, upon receipt of notice from the Agent of the contents of such CAF Loan Request, any CAF Loan Bank that elects, in its sole discretion, to do so, shall irrevocably offer to make one or more CAF Loans at a rate or rates of interest for each such CAF Loan determined by such CAF Loan Bank in its sole discretion. Any such irrevocable offer shall be made by delivering a CAF Loan Offer to the CAF Loan Agent, before 9:30 A.M., New York City time, on the proposed Borrowing Date, setting forth the maximum amount of CAF Loans for each maturity date, and the aggregate maximum amount for all maturity dates, which such CAF Loan Bank would be willing to make (which amounts may, subject to subsection 2.2(a), exceed such CAF Loan Bank's Commitment) and the rate or rates of interest at which such CAF Loan Bank is willing to make each such CAF Loan; the CAF Loan Agent shall advise the Company before 10:15 A.M., New York City time, on the proposed Borrowing Date of the contents of each such CAF Loan Offer received by it. If the CAF Loan Agent or any affiliate thereof in its capacity as a CAF Loan Bank shall, in its sole discretion, elect to make any such offer, it shall advise the Company of the contents of its CAF Loan Offer before 9:15 A.M., New York City time, on the proposed Borrowing Date.

(iv) The Company shall before 11:00 A.M., New York City time, three Working Days before the proposed Borrowing Date (in the case of CAF Loans requested by a LIBOR Auction Advance Request) and before 11:00 A.M., New York City time, on the proposed Borrowing Date (in the case of CAF Loans requested by a Fixed Rate Auction Advance Request) either, in its absolute discretion:

(A) cancel such CAF Loan Request by giving the CAF Loan Agent telephone notice to that effect, or

(B) accept one or more of the offers made by any CAF Loan Bank or CAF Loan Banks pursuant to clause (ii) or clause (iii) above, as the case may be, by giving telephone notice to the CAF Loan Agent (immediately confirmed by delivery to the CAF Loan Agent of a CAF Loan Confirmation) of the amount of CAF Loans for each relevant maturity date to be made by each CAF Loan Bank (which amount for each such maturity date shall be equal to or less than the maximum amount for such maturity date specified in the CAF Loan offer of such CAF Loan Bank, and for all maturity dates included in such CAF Loan Offer shall be equal to or less than the aggregate maximum amount specified in such CAF Loan offer for all such maturity dates) and reject any remaining offers made by CAF Loan Banks pursuant to clause (ii) or clause (iii) above, as the case may be; provided, however, that (x) the Company may not accept offers for CAF Loans for any maturity date in an aggregate principal amount in excess of the maximum principal amount requested in the related CAF Loan Request, (y) if the Company accepts any of such offers, it must accept offers strictly based upon pricing for such relevant maturity date and no other criteria whatsoever and (z) if two or more CAF Loan

Banks submit offers for any maturity date at identical pricing and the Company accepts any of such offers but does not wish to borrow the total amount offered by such CAF Loan Banks with such identical pricing, the Company shall accept offers from all of such CAF Loan Banks in amounts allocated among them pro rata according to the amounts offered by such CAF Loan Banks (or as nearly pro rata as shall be practicable after giving effect to the requirement that CAF Loans made by a CAF Loan Bank on a Borrowing Date for each relevant maturity date shall be in a principal amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof provided that if the number of CAF Loan Banks that submit offers for any maturity date at identical pricing is such that, after the Company accepts such offers pro rata in accordance with the foregoing, the CAF Loans to be made by such CAF Loan Banks would be less than \$5,000,000 principal amount, the number of such CAF Loan Banks shall be reduced by the CAF Loan Agent by lot until the CAF Loans to be made by such remaining CAF Loan Banks would be in a principal amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof).

(v) If the Company notifies the CAF Loan Agent that a CAF Loan Request is cancelled pursuant to clause (iv) (A) above, the CAF Loan Agent shall give prompt, but in no event more than one hour later, telephone notice thereof to the CAF Loan Banks, and the CAF Loans requested thereby shall not be made.

(vi) If the Company accepts pursuant to clause (iv) (B) above one or more of the offers made by any CAF Loan Bank or CAF Loan Banks, the CAF Loan Agent shall promptly, but in no event more than one hour later, notify each CAF Loan Bank which has made such an offer of the aggregate amount of such CAF Loans to be made on such Borrowing Date for each maturity date and of the acceptance or rejection of any offers to make such CAF Loans made by such CAF Loan Bank. Each CAF Loan Bank which is to make a CAF Loan shall, before 12:00 Noon, New York City time, on the Borrowing Date specified in the CAF Loan Request applicable thereto, make available to the Agent at its office set forth in subsection 10.2 the amount of CAF Loans to be made by such CAF Loan Bank, in immediately available funds. The Agent will make such funds available to the Company as soon as practicable on such date at the Agent's aforesaid address. As soon as practicable after each Borrowing Date, the Agent shall notify each Bank of the aggregate amount of CAF Loans advanced on such Borrowing Date and the respective maturity dates thereof.

(c) Within the limits and on the conditions set forth in this subsection 2.2, the Company may from time to time borrow under this subsection 2.2, repay pursuant to subsection 2.3, and reborrow under this subsection 2.2.

### 2.3 Repayment of Loans; Evidence of Debt.

(a) The Company hereby unconditionally promises to pay to the Agent for the account of each Bank (i) the then unpaid principal amount of each Revolving Credit Loan of such Bank on the Termination Date (or such earlier date on which the Loans become due and payable pursuant to Section 8), and (ii) the principal amount of each CAF Loan made by such Bank on the maturity date therefor as set forth in the CAF Loan Request for such CAF Loan (or on such earlier date on which the Loans become due and payable pursuant to Section 8). The Company hereby further agrees to pay interest on the unpaid principal amount of the Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 2.8.

(b) Each Bank shall maintain in accordance

with its usual practice an account or accounts evidencing indebtedness of the Company to such Bank resulting from each Loan of such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time under this Agreement.

(c) The Agent shall maintain the Register pursuant to subsection 10.6(e), and a subaccount therein for each Bank, in which shall be recorded (i) (A) the amount of each Revolving Credit Loan made hereunder, the Type thereof and each Interest Period applicable thereto and (B) the amount of each CAF Loan made by such Bank, the maturity date therefor as set forth in the CAF Loan Request for such CAF Loan, the interest rate applicable thereto and each Interest Payment Date applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Company to each Bank hereunder and (iii) both the amount of any sum received by the Agent hereunder from the Company and each Bank's share thereof.

(d) The entries made in the Register and the accounts of each Bank maintained pursuant to subsection 2.3(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Company therein recorded; provided, however, that the failure of any Bank or the Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) the Loans made to such Company by such Bank in accordance with the terms of this Agreement.

(e) The Company agrees that, upon the request to the Agent by any Bank, the Company will execute and deliver to such Bank (i) a promissory note of the Company evidencing the Revolving Credit Loans of such Bank, substantially in the form of Exhibit A with appropriate insertions as to payee, date and principal amount (a "Revolving Credit Note"), (ii) a promissory note of the Company evidencing the initial CAF Loan or Loans of such Bank, substantially in the form of Exhibit B with appropriate insertions (a "Grid CAF Loan Note"), and/or (iii) a promissory note of the Company evidencing amounts advanced by such Bank pursuant to subsection 2.2 which have the same maturity date and interest rate as amounts advanced by such Bank evidenced by a Grid CAF Loan Note and which such Bank wishes to constitute more than one CAF Loan (which principal amounts shall not be less than \$5,000,000 for any such CAF Loans), substantially in the form of Exhibit C with appropriate insertions (an "Individual CAF Loan Note"). Upon a Bank's receipt of an Individual CAF Loan Note evidencing a CAF Loan, such Bank shall endorse on the schedule attached to its Grid CAF Loan Note the transfer of such CAF Loan from such Grid CAF Loan Note to such Individual CAF Loan Note.

2.4 Fees. (a) The Company agrees to pay to the Agent, for the account of each Bank, on the last day of each fiscal quarter, a facility fee in respect of the average daily amount of the Commitment of such Bank during such fiscal quarter (such amount, the "Average Quarterly Commitment"). Such fee shall be computed at the rate per annum set forth in the table below opposite the Consolidated Capitalization Ratio then in effect (as determined in accordance with the definition of Applicable Margin); provided that for the purposes of calculating facility fees, the Consolidated Capitalization Ratio during the six month period following the Closing Date shall be deemed to be the greater of (i) the actual Consolidated Capitalization Ratio and (ii) .35.

Consolidated Capitalization Ratio	Facility Fee (Rate Per Annum)
less than .20	.0650%
at least .20 but less than .30	.0700%

at least .30 but less than .35	.0900%
at least .35 but less than .40	.1000%
at least .40	.1500%

(b) The Company agrees to pay to the Agent the other fees in the amounts, and on the dates, agreed to by the Company and the Agent in the fee letter, dated June 4, 1997, between the Agent and the Company.

2.5 Termination, Reduction or Extension of Commitments. (a) The Company shall have the right, upon not less than five Business Days' notice to the Agent, to terminate the Commitments or, from time to time, to reduce ratably the amount of the Commitments, provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, the then outstanding principal amount of the Loans, when added to the then L/C Obligations, would exceed the amount of the Commitments then in effect. Any such reduction shall be in an amount of \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof, and shall reduce permanently the amount of the Commitments then in effect.

(b) The Company may request, in a written notice given as herein provided to the Agent and each of the Banks not less than 90 days and not more than 120 days prior to the second anniversary of the Closing Date, that the Termination Date be extended, which notice shall specify that the requested extension is to be effective (the "Effective Date") on the second anniversary of the Closing Date, and that the new Termination Date to be in effect following such extension (the "Requested Termination Date") is to be the seventh anniversary of the Closing Date. Each Bank shall, not later than 30 days following such notice, notify the Company and the Agent of its election to extend or not to extend the Termination Date with respect to its Commitment. The Company may, not later than 15 days following such notice from the Banks, revoke its request to extend the Termination Date. If Banks whose Commitment Percentages aggregate 66-2/3% (the "Super-Majority Banks") elect to extend the Termination Date with respect to their Commitments and the Company has not revoked its request to extend the Termination Date, then, subject to the provisions of this subsection 2.5, the Termination Date shall be extended for two years. Notwithstanding any provision of this Agreement to the contrary, any notice by any Bank of its willingness to extend the Termination Date with respect to its Commitment shall be revocable by such Bank in its sole and absolute discretion at any time prior to the Effective Date. Any Bank which shall not notify the Company and the Agent of its election to extend the Termination Date within 30 days following such notice shall be deemed to have elected not to extend the Termination Date with respect to its Commitment.

(c) Provided that the Super-Majority Banks shall have elected to extend their Commitments as provided in this subsection 2.5, if any Bank shall timely notify the Company and the Agent pursuant to subsection 2.5(b) of its election not to extend its Commitment or its revocation of any extension, or shall be deemed to have elected not to extend its Commitments, (any such Bank being called a "Terminating Bank"), then the remaining Banks (the "Continuing Banks") or any of them shall have the right (but not the obligation), upon notice to the Company and the Agent not later than 30 Business Days preceding the Effective Date to increase their Commitments, by an amount up to, in the aggregate, the Commitments of any Terminating Banks. If, in the aggregate, any of the Continuing Banks elect to increase their Commitments by an amount in excess of the aggregate Commitments of the Terminating Banks, then the Commitment of each such Bank shall be increased pro rata on the relative basis of the amount of increase it so elected such that the aggregate amount of all such increases shall be equal to the aggregate Commitments of the Terminating Banks.

Each increase in the Commitment of a Continuing Bank shall be evidenced by a written instrument executed by such Continuing Bank, the Company and the Agent, and shall take effect on the Effective Date. Notwithstanding any provision of this Agreement to the contrary, any notice by any Continuing Bank of its willingness to increase its Commitment as provided in this subsection 2.5(c) shall be revocable by such Bank in its sole and absolute discretion at any time prior to the Effective Date.

(d) In the event the aggregate Commitments of any Terminating Banks shall exceed the aggregate amount by which the Continuing Banks have agreed to increase their Commitments pursuant to subsection 2.5(c), the Company may, with the approval of the Agent, designate one or more other banking institutions willing to extend Commitments until the Requested Termination Date in an aggregate amount not greater than such excess. Any such banking institution (an "Additional Bank") shall, on the Effective Date, execute and deliver to the Company and the Agent a Commitment Transfer Supplement, satisfactory to the Company and the Agent, setting forth the amount of such Additional Bank's Commitment and containing its agreement to become, and to perform all the obligations of, a Bank hereunder, and the Commitment of such Additional Bank shall become effective on the Effective Date. Notwithstanding any provision of this Agreement to the contrary, any notice by any Additional Bank of its willingness to become a Bank hereunder shall be revocable by such Additional Bank in its sole and absolute discretion at any time prior to the Effective Date.

(e) The Company shall deliver to each Continuing Bank and each Additional Bank, on the Effective Date, in exchange for the Notes held by such Bank, new Notes, maturing on the Requested Termination Date, in the principal amount of such Bank's Commitment after giving effect to the adjustments made pursuant to this subsection 2.5.

(f) If the Super-Majority Banks shall have elected to extend their Commitments as provided in this subsection 2.5 and the Company has not revoked its request to extend the Termination Date as provided in this subsection 2.5, then (i) the Commitments of the Continuing Banks and any Additional Banks shall continue until the Requested Termination Date specified in the notice from the Company, and as to such Banks the term "Termination Date", as used herein shall mean such Requested Termination Date; (ii) the Commitments of any Terminating Bank shall continue until the Effective Date, and shall then terminate (as to any Terminating Bank, the term "Termination Date", as used herein, shall mean the Effective Date) upon the payment in full of the outstanding principal amount, together with accrued interest to such date and any other amounts owed by the Company to such Terminating Bank pursuant to any Loan Document of the Loans of such Terminating Bank; and (iii) from and after the Effective Date, the term "Banks" shall be deemed to include the Additional Banks and (except with respect to subsections 2.16 and 10.5 to the extent the rights under such subsections arise after the Termination Date in respect of Terminating Banks) to exclude the Terminating Banks.

2.6 Optional Prepayments. The Company may at any time and from time to time, prepay the Revolving Credit Loans, in whole or in part, without premium or penalty (subject to the provisions of subsection 2.16), upon at least three Business Days' irrevocable notice to the Agent, specifying the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or Alternate Base Rate Loans or a combination thereof, and if of a combination thereof, the amount of prepayment allocable to each. Upon receipt of such notice the Agent shall promptly notify each Bank thereof. If such notice is given, the payment amount specified in such notice shall be due and payable on the date



specified therein, together with accrued interest to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of \$5,000,000, or a whole multiple thereof, and may only be made if, after giving effect thereto, subsection 2.7(c) shall not have been contravened.

#### 2.7 Conversion Options; Minimum Amount of Loans.

(a) The Company may elect from time to time to convert Eurodollar Loans to Alternate Base Rate Loans by giving the Agent at least two Business Days' prior irrevocable notice of such election (given before 10:00 A.M., New York City time, on the date on which such notice is required), provided that any such conversion of Eurodollar Loans shall, subject to the fourth following sentence, only be made on the last day of an Interest Period with respect thereto. The Company may elect from time to time to convert Alternate Base Rate Loans to Eurodollar Loans by giving the Agent at least three Working Days' prior irrevocable notice of such election (given before 11:30 A.M., New York City time, on the date on which such notice is required). Upon receipt of such notice, the Agent shall promptly notify each Bank thereof. Promptly following the date on which such conversion is being made each Bank shall take such action as is necessary to transfer its portion of such Revolving Credit Loans to its Domestic Lending Office or its Eurodollar Lending Office, as the case may be. All or any part of outstanding Eurodollar Loans and Alternate Base Rate Loans may be converted as provided herein, provided that, unless the Required Banks otherwise agree, (i) no Revolving Credit Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing, (ii) partial conversions shall be in an aggregate principal amount of \$5,000,000 or a whole multiple thereof, and (iii) any such conversion may only be made if, after giving effect thereto, subsection 2.7(c) shall not have been contravened.

(b) Any Eurodollar Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Company with the notice provisions contained in subsection 2.7(a); provided that, unless the Required Banks otherwise agree, no Eurodollar Loan may be continued as such when any Event of Default has occurred and is continuing, but shall be automatically converted to an Alternate Base Rate Loan on the last day of the then current Interest Period with respect thereto. The Agent shall notify the Banks promptly that such automatic conversion contemplated by this subsection 2.7(b) will occur.

(c) All borrowings, conversions, payments, prepayments and selection of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Loans comprising any Eurodollar Tranche shall not be less than \$10,000,000. At no time shall there be more than 6 Eurodollar Tranches.

#### 2.8 Interest Rate and Payment Dates for Loans.

(a) The Eurodollar Loans comprising each Eurodollar Tranche shall bear interest for each day during each Interest Period with respect thereto on the unpaid principal amount thereof at a rate per annum equal to the Eurodollar Rate plus the Applicable Margin.

(b) Alternate Base Rate Loans shall bear interest for each day from and including the date thereof on the unpaid principal amount thereof at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(c) CAF Loans shall bear interest from the Borrowing Date to the maturity date therefor as set forth in the CAF Loan Request for such CAF Loan on the unpaid principal amount thereof at the rate of interest determined pursuant to subsection 2.2(b).

(d) If all or a portion of the (i) principal amount of any Loans, (ii) any interest payable thereon or (iii) any fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is 2% above the Alternate Base Rate, and any overdue interest or other amount payable hereunder shall bear interest at a rate per annum which is 2% above the Alternate Base Rate, in each case from the date of such non-payment until paid in full (after as well as before judgment). If all or a portion of the principal amount of any Loans shall not be paid when due (whether at stated maturity, by acceleration or otherwise), each Eurodollar Loan shall, unless the Required Banks otherwise agree, be converted to an Alternate Base Rate Loan at the end of the last Interest Period with respect thereto.

(e) Interest shall be payable in arrears on each Interest Payment Date.

2.9 Computation of Interest and Fees. (a) Interest in respect of Alternate Base Rate Loans shall be calculated on the basis of a (i) 365-day (or 366-day, as the case may be) year for the actual days elapsed when such Alternate Base Rate Loans are based on the Prime Rate, and (ii) a 360-day year for the actual days elapsed when based on the Base CD Rate or the Federal Funds Effective Rate. Interest in respect of Eurodollar Loans and CAF Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. The Agent shall as soon as practicable notify the Company and the Banks of each determination of a Eurodollar Rate. Any change in the interest rate on a Revolving Credit Loan resulting from a change in the Alternate Base Rate or the Applicable Margin or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate is announced, such Applicable Margin changes as provided herein or such change in or the Eurocurrency Reserve Requirements shall become effective, as the case may be. The Agent shall as soon as practicable notify the Company and the Banks of the effective date and the amount of each such change.

(b) Each determination of an interest rate by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent shall, at the request of the Company, deliver to the Company a statement showing the quotations used by the Agent in determining any interest rate pursuant to subsection 2.8(a) or (d).

(c) If any Reference Bank's Commitment shall terminate (otherwise than on termination of all the Commitments), or its Revolving Credit Loans shall be assigned for any reason whatsoever, such Reference Bank shall thereupon cease to be a Reference Bank, and if, as a result of the foregoing, there shall only be one Reference Bank remaining, then the Agent (after consultation with the Company and the Banks) shall, by notice to the Company and the Banks, designate another Bank as a Reference Bank so that there shall at all times be at least two Reference Banks.

(d) Each Reference Bank shall use its best efforts to furnish quotations of rates to the Agent as contemplated hereby. If any of the Reference Banks shall be unable or otherwise fails to supply such rates to the Agent upon its request, the rate of interest shall be determined on the basis of the quotations of the remaining Reference Banks or Reference Bank.

(e) Facility fees shall be computed on the basis of a 365-day year for the actual days elapsed.

2.10 Inability to Determine Interest Rate. In

the event that:

(i) the Agent shall have determined (which determination shall be conclusive and binding upon the Company) that, by reason of circumstances affecting the interbank eurodollar market generally, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for any requested Interest Period;

(ii) only one of the Reference Banks is able to obtain bids for its Dollar deposits for such Interest Period in the manner contemplated by the term "Eurodollar Rate"; or

(iii) the Agent shall have received notice prior to the first day of such Interest Period from Banks constituting the Required Banks that the interest rate determined pursuant to subsection 2.8(a) for such Interest Period does not accurately reflect the cost to such Banks (as conclusively certified by such Banks) of making or maintaining their affected Loans during such Interest Period;

with respect to (A) proposed Revolving Credit Loans that the Company has requested be made as Eurodollar Loans, (B) Eurodollar Loans that will result from the requested conversion of Alternate Base Rate Loans into Eurodollar Loans or (C) the continuation of Eurodollar Loans beyond the expiration of the then current Interest Period with respect thereto, the Agent shall forthwith give facsimile or telephonic notice of such determination to the Company and the Banks at least one day prior to, as the case may be, the requested Borrowing Date for such Eurodollar Loans, the conversion date of such Loans or the last day of such Interest Period. If such notice is given (x) any requested Eurodollar Loans shall be made as Alternate Base Rate Loans, (y) any Alternate Base Rate Loans that were to have been converted to Eurodollar Loans shall be continued as Alternate Base Rate Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then current Interest Period with respect thereto, to Alternate Base Rate Loans. Until such notice has been withdrawn by the Agent, no further Eurodollar Loans shall be made, nor shall the Company have the right to convert Alternate Base Rate Loans to Eurodollar Loans. The Agent shall withdraw such notice upon its determination that the event or events which gave rise to such notice no longer exist.

2.11 Pro Rata Borrowings and Payments. (a) Each borrowing by the Company of Revolving Credit Loans shall be made ratably from the Banks in accordance with their Commitment Percentages.

(b) Whenever any payment received by the Agent under this Agreement or any Note is insufficient to pay in full all amounts then due and payable to the Agent and the Banks under this Agreement and the Notes, and the Agent has not received a Payment Sharing Notice (or if the Agent has received a Payment Sharing Notice but the Event of Default specified in such Payment Sharing Notice has been cured or waived), such payment shall be distributed and applied by the Agent and the Banks in the following order: first, to the payment of fees and expenses due and payable to the Agent under and in connection with this Agreement; second, to the payment of all expenses due and payable under subsection 10.5(a), ratably among the Banks in accordance with the aggregate amount of such payments owed to each such Bank; third, to the payment of fees due and payable under subsection 2.4, ratably among the Banks in accordance with their Commitment Percentages; fourth, to the payment of interest then due and payable under the Notes, ratably among the Banks in accordance with the aggregate amount of interest owed to each such Bank; and fifth, to the payment of the principal amount of the Notes

which is then due and payable, ratably among the Banks in accordance with the aggregate principal amount owed to each such Bank.

(c) After the Agent has received a Payment Sharing Notice which remains in effect, all payments received by the Agent under this Agreement or any Note shall be distributed and applied by the Agent and the Banks in the following order: first, to the payment of all amounts described in clauses first through third of the foregoing paragraph (b), in the order set forth therein; and second, to the payment of the interest accrued on and the principal amount of all of the Notes, regardless of whether any such amount is then due and payable, ratably among the Banks in accordance with the aggregate accrued interest plus the aggregate principal amount owed to such Bank.

(d) All payments (including prepayments) to be made by the Company on account of principal, interest and fees shall be made without set-off or counterclaim and shall be made to the Agent, for the account of the Banks, at the Agent's office set forth in subsection 10.2, in lawful money of the United States of America and in immediately available funds. The Agent shall distribute such payments to the Banks promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the CAF Loans made pursuant to a LIBOR Auction Advance Request) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a CAF Loan made pursuant to a LIBOR Auction Advance Request becomes due and payable on a day other than a Working Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month in which event such payment shall be made on the immediately preceding Working Day.

(e) Unless the Agent shall have been notified in writing by any Bank prior to a Borrowing Date that such Bank will not make the amount which would constitute its Commitment Percentage of the borrowing of Revolving Credit Loans on such date available to the Agent, the Agent may assume that such Bank has made such amount available to the Agent on such Borrowing Date, and the Agent may, in reliance upon such assumption, make available to the Company a corresponding amount. If such amount is made available to the Agent on a date after such Borrowing Date, such Bank shall pay to the Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period as quoted by the Agent, times (ii) the amount of such Bank's Commitment Percentage of such borrowing, times (iii) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Bank's Commitment Percentage of such borrowing shall have become immediately available to the Agent and the denominator of which is 360. A certificate of the Agent submitted to any Bank with respect to any amounts owing under this subsection 2.11(e) shall be conclusive, absent manifest error. If such Bank's Commitment Percentage of such borrowing is not in fact made available to the Agent by such Bank within three Business Days of such Borrowing Date, the Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to Alternate Base Rate Loans hereunder, on demand, from the Company.

2.12 Illegality. Notwithstanding any other provisions herein, if after the date hereof the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Bank to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the Bank shall, within 30 Working Days after

it becomes aware of such fact, notify the Company, through the Agent, of such fact, (b) the commitment of such Bank hereunder to make Eurodollar Loans or convert Alternate Base Rate Loans to Eurodollar Loans shall forthwith be cancelled and (c) such Bank's Revolving Credit Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Alternate Base Rate Loans on the respective last days of the then current Interest Periods for such Revolving Credit Loans or within such earlier period as required by law. Each Bank shall take such action as may be reasonably available to it without legal or financial disadvantage (including changing its Eurodollar Lending Office) to prevent the adoption of or any change in any such Requirement of Law from becoming applicable to it.

2.13 Requirements of Law. (a) If after the date hereof the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) after the date hereof from any central bank or other Governmental Authority:

(i) shall subject any Bank to any tax of any kind whatsoever with respect to this Agreement, any Revolving Credit Note, any Letter of Credit, any Application or any Eurodollar Loans made by it, or change the basis of taxation of payments to such Bank of principal, facility fee, interest or any other amount payable hereunder in respect of Revolving Credit Loans (except for changes in the rate of tax on the overall net income of such Bank);

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

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

and the result of any of the foregoing is to increase the cost to such Bank, by any amount which such Bank deems to be material, of making, renewing or maintaining advances or extensions of credit (including, without limitation, issuing or participating in Letters of Credit) or to reduce any amount receivable hereunder, in each case, in respect thereof, then, in any such case, the Company shall promptly pay such Bank, upon its demand, any additional amounts necessary to compensate such Bank for such additional cost or reduced amount receivable. If a Bank becomes entitled to claim any additional amounts pursuant to this subsection 2.13(a), it shall, within 30 Business Days after it becomes aware of such fact, notify the Company, through the Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by such Bank, through the Agent, to the Company shall be conclusive in the absence of manifest error. Each Bank shall take such action as may be reasonably available to it without legal or financial disadvantage (including changing its Eurodollar Lending Office) to prevent any such Requirement of Law or change from becoming applicable to it. This covenant shall survive the termination of this Agreement and payment of the outstanding Revolving Credit Notes and all other amounts payable hereunder.

(b) In the event that after the date hereof a Bank is required to maintain reserves of the type contemplated by the definition of "Eurocurrency Reserve Requirements", such Bank may require the Company to pay, promptly after receiving notice of the amount due, additional

interest on the related Eurodollar Loan of such Bank at a rate per annum determined by such Bank up to but not exceeding the excess of (i) (A) the applicable Eurodollar Rate divided by (B) one minus the Eurocurrency Reserve Requirements over (ii) the applicable Eurodollar Rate. Any Bank wishing to require payment of any such additional interest on account of any of its Eurodollar Loans shall notify the Company no more than 30 Working Days after each date on which interest is payable on such Eurodollar Loan of the amount then due it under this subsection 2.13(b), in which case such additional interest on such Eurodollar Loan shall be payable to such Bank at the place indicated in such notice. Each such notification shall be accompanied by such information as the Company may reasonably request.

2.14 Capital Adequacy. If any Bank shall have determined that after the date hereof the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Bank or any corporation controlling such Bank with any request or directive after the date hereof regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, does or shall have the effect of reducing the rate of return on such Bank's or such corporation's capital as a consequence of its obligations hereunder or under any Letter of Credit to a level below that which such Bank or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy) by an amount which is reasonably deemed by such Bank to be material, then from time to time, promptly after submission by such Bank, through the Agent, to the Company of a written request therefor (such request shall include details reasonably sufficient to establish the basis for such additional amounts payable and shall be submitted to the Company within 30 Working Days after it becomes aware of such fact), the Company shall promptly pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction. The agreements in this subsection 2.14 shall survive the termination of this Agreement and payment of the Loans and the Notes and all other amounts payable hereunder.

2.15 Taxes. (a) All payments made by the Company under this Agreement shall be made free and clear of, and without reduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority excluding, in the case of the Agent and each Bank, net income and franchise taxes imposed on the Agent or such Bank by the jurisdiction under the laws of which the Agent or such Bank is organized or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which such Bank's Domestic Lending Office or Eurodollar Lending Office, as the case may be, is located or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Agent or any Bank hereunder or under the Notes, the amounts so payable to the Agent or such Bank shall be increased to the extent necessary to yield to the Agent or such Bank (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes. Whenever any Taxes are payable by the Company, as promptly as possible thereafter, the Company shall send to the Agent for its own account or for the account of such Bank, as the case may be, a certified copy of an original official receipt received by the Company showing payment thereof. If the Company fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required

documentary evidence, the Company shall indemnify the Agent and the Banks for any incremental taxes, interest or penalties that may become payable by the Agent or any Bank as a result of any such failure.

(b) Each Bank that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to the Company and the Agent (i) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, certifying in each case that such Bank is entitled to receive payments under this Agreement and the Notes payable to it, without deduction or withholding of any United States federal income taxes, and (ii) an Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each Bank which delivers to the Company and the Agent a Form 1001 or 4224 and Form W-8 or W-9 pursuant to the next preceding sentence further undertakes to deliver to the Company and the Agent two further copies of the said letter and Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner of certification, as the case may be, on or before the date that any such letter or form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent letter and form previously delivered by it to the Company, and such extensions or renewals thereof as may reasonably be requested by the Company, certifying in the case of a Form 1001 or 4224 that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless in any such cases an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such letter or form with respect to it and such Bank advises the Company that it is not capable of receiving payments without any deduction or withholding of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

(c) The agreements in subsection 2.15 shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

2.16 Indemnity. The Company agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense (other than any loss of anticipated margin or profit) which such Bank may sustain or incur as a consequence of (a) default by the Company in payment when due of the principal amount of or interest on any Eurodollar Loans of such Bank, (b) default by the Company in making a borrowing or conversion after the Company has given a notice of borrowing in accordance with subsection 2.1(b) or a notice of continuation or conversion pursuant to subsection 2.7, (c) default by the Company in making any prepayment after the Company has given a notice in accordance with subsection 2.6 or (d) the making of a prepayment of a Eurodollar Loan on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it to maintain its Eurodollar Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained. Any Bank claiming any amount under this subsection 2.16 shall provide calculations, in reasonable detail, of the amount of its loss or expense. This covenant shall survive termination of this Agreement and payment of the outstanding Notes and all other amounts payable hereunder.

2.17 Application of Proceeds of Loans.  
Subject to the provisions of the following sentence, the Company may use the proceeds of the Loans for any lawful

general corporate purpose, including acquisitions. The Company will not, directly or indirectly, apply any part of the proceeds of any such Loan for the purpose of "purchasing" or "carrying" any Margin Stock within the respective meanings of each of the quoted terms under Regulation U, or to refund any indebtedness incurred for such purpose, provided that the Company may use the proceeds of Loans for such purposes, if such usage does not violate Regulation U as now and from time to time hereafter in effect.

2.18 Notice of Certain Circumstances;

Assignment of Commitments Under Certain Circumstances.

(a) Any Bank claiming any additional amounts payable pursuant to subsections 2.13, 2.14 or 2.15 or exercising its rights under subsection 2.12, shall, in accordance with the respective provisions thereof, provide notice to the Company and the Agent. Such notice to the Company and the Agent shall include details reasonably sufficient to establish the basis for such additional amounts payable or the rights to be exercised by the Bank.

(b) Any Bank claiming any additional amounts payable pursuant to subsections 2.13, 2.14 or 2.15 or exercising its rights under subsection 2.12, shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the reasonable determination of such Bank, be otherwise disadvantageous to such Bank.

(c) In the event that the Company shall be required to make any additional payments to any Bank pursuant to subsections 2.13, 2.14 or 2.15 or any Bank shall exercise its rights under subsection 2.12, the Company shall have the right at its own expense, upon notice to such Bank and the Agent, to require such Bank to transfer and to assign without recourse (in accordance with and subject to the terms of subsection 10.6) all its interest, rights and obligations under this Agreement to another financial institution (including any Bank) acceptable to the Agent (which approval shall not be unreasonably withheld) which shall assume such obligations; provided that (i) no such assignment shall conflict with any Requirement of Law and (ii) such assuming financial institution shall pay to such Bank in immediately available funds on the date of such assignment the outstanding principal amount of such Bank's Notes together with accrued interest thereon and all other amounts accrued for its account or owed to it hereunder, including, but not limited to additional amounts payable under subsections 2.4, 2.12, 2.13, 2.14, 2.15 and 2.16.

2.19 Regulation U. (a) If at any time the Company shall use the proceeds of any Loans for the purpose of "purchasing" or "carrying" any Margin Stock within the respective meanings of each of the quoted terms under Regulation U, or to refund any indebtedness incurred for such purpose, the Company shall give notice thereof to the Agent and the Banks, and thereafter the Loans made by each Bank shall at all times be treated for purposes of Regulation U as two separate extensions of credit (the "A Credit" and the "B Credit" of such Bank and, collectively, the "A Credits" and the "B Credits"), as follows:

(i) the aggregate amount of the A Credit of such Bank shall be an amount equal to such Bank's pro rata share (based on the amount of its Commitment Percentage) of the maximum loan value (as determined in accordance with Regulation U), of all Margin Stock Collateral; and

(ii) the aggregate amount of the B Credit



of such Bank shall be an amount equal to such Bank's pro rata share (based on the amount of its Commitment Percentage) of all Loans outstanding hereunder minus such Bank's A Credit.

In the event that any Margin Stock Collateral is acquired or sold, the amount of the A Credit of such Bank shall be adjusted (if necessary), to the extent necessary by prepayment, to an amount equal to such Bank's pro rata share (based on the amount of its Commitment Percentage) of the maximum loan value (determined in accordance with Regulation U) as of the date of such acquisition or sale) of the Margin Stock Collateral immediately after giving effect to such acquisition or sale. Nothing contained in this subsection 2.19 shall be deemed to permit any sale of Margin Stock Collateral in violation of any other provisions of this Agreement.

(b) Each Bank will maintain its records to identify the A Credit of such Bank and the B Credit of such Bank, and, solely for the purposes of complying with Regulation U, the A and B Credits shall be treated as separate extensions of credit. Each Bank hereby represents and warrants that the loan value of the Other Collateral is sufficient for such Bank to lend its pro rata share of the B Credit.

(c) The benefits of the indirect security in Margin Stock Collateral created by any provisions of this Agreement shall be allocated first to the benefit and security of the payment of the principal of and interest on the A Credits of the Banks and of all other amounts payable by the Company under this Agreement in connection with the A Credits (collectively, the "A Credit Amounts") and second, only after the payment in full of the A Credit Amounts, to the benefit and security of the payment of the principal of and interest on the B Credits of the Banks and of all other amounts payable by the Company under this Agreement in connection with the B Credits (collectively, the "B Credit Amounts"). The benefits of the indirect security in Other Collateral created by any provisions of this Agreement, shall be allocated first to the benefit and security of the payment of the B Credit Amounts and second, only after the payment in full of the B Credit Amounts, to the benefit and security of the payment of the A Credit Amounts.

(d) The Company shall furnish to each Bank at the time of each acquisition and sale of Margin Stock Collateral such information and documents as the Agent or such Bank may require to determine the A and B Credits, and at any time and from time to time, such other information and documents as the Agent or such Bank may reasonably require to determine compliance with Regulation U or Regulation G, as applicable.

(e) Each Bank shall be responsible for its own compliance with and administration of the provisions of this subsection 2.19 and Regulation U, and the Agent shall have no responsibility for any determinations or allocations made or to be made by any Bank as required by such provisions.

### SECTION 3. LETTERS OF CREDIT

3.1 L/C Sublimit. (a) Subject to the terms and conditions hereof, the Issuing Bank, in reliance on the agreements of the other Banks set forth in subsection 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Company on any Business Day during the Commitment Period in such form as may be approved from time to time by the Issuing Bank; provided that the Issuing Bank shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Sublimit or (ii) the Available Commitment would be less than zero. Each Letter of Credit

shall (i) be denominated in Dollars, (ii) be either (A) a standby letter of credit issued to support obligations of the Company or its Subsidiaries, contingent or otherwise (a "Standby Letter of Credit") or (B) a commercial letter of credit issued in respect of the purchase of goods or services by the Borrower or its Subsidiaries in the ordinary course of business (a "Commercial Letter of Credit") and (iii) expire no later than the Termination Date.

(b) Each Letter of Credit shall be subject to the Uniform Customs and, to the extent not inconsistent therewith, the laws of the State of New York.

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

(d) No Standby Letter of Credit shall have an expiry date more than 365 days after its date of issuance, provided that any such Standby Letter of Credit may provide that it is automatically renewed on each anniversary of issuance thereof for additional one-year periods unless the beneficiary is otherwise notified by the issuer of such Standby Letter of Credit.

(e) No Commercial Letter of Credit shall have an expiry date more than 180 days after its date of issuance.

3.2 Procedure for Issuance of Letters of Credit. The Company may from time to time request that the Issuing Bank issue a Letter of Credit by delivering to the Issuing Bank at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Bank, and such other certificates, documents and other papers and information as the Issuing Bank may request. Upon receipt of any Application, the Issuing Bank will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Bank be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Issuing Bank and the Company. The Issuing Bank shall furnish a copy of such Letter of Credit to the Company promptly following the issuance thereof.

3.3 Fees, Commissions and Other Charges. (a) The Company shall pay to the Agent, for the account of the Issuing Bank and the L/C Participants, a letter of credit commission with respect to each Letter of Credit, computed at the rate per annum set forth in the table below opposite the Consolidated Capitalization Ratio then in effect (as determined in accordance with the definition of Applicable Margin), of which .100% per annum shall be payable to the Issuing Bank and the balance shall be payable to the L/C Participants to be shared ratably among them in accordance with their respective Commitment Percentages; provided that for the purposes of calculating letter of credit commissions, the Consolidated Capitalization Ratio during the six month period following the Closing Date shall be deemed to be the greater of (i) the actual Consolidated Capitalization Ratio and (ii) .35. Such fee shall be payable on each L/C Fee Payment Date and shall be nonrefundable.

Consolidated Capitalization Ratio	L/C Commission (Rate per Annum)
less than .20	.2200%

at least .20 but less than .30	.2300%
at least .30 but less than .35	.2600%
at least .35 but less than .40	.3000%
at least .40	.4000%

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

(c) The Agent shall, promptly following its receipt thereof, distribute to the Issuing Bank and the L/C Participants all fees received by the Agent for their respective accounts pursuant to this subsection.

3.4 L/C Participation. (a) The Issuing Bank irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Bank to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Bank, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Commitment Percentage in the Issuing Bank's obligations and rights under each Letter of Credit issued hereunder and the amount of each draft paid by the Issuing Bank thereunder. Each L/C Participant unconditionally and irrevocably agrees with the Issuing Bank that, if a draft is paid under any Letter of Credit for which the Issuing Bank is not reimbursed in full by the Company in accordance with the terms of this Agreement, such L/C Participant shall pay to the Issuing Bank upon demand at the Issuing Bank's address for notices specified herein an amount equal to such L/C Participant's Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed.

(b) If any amount required to be paid by any L/C Participant to the Issuing Bank pursuant to subsection 3.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Bank under any Letter of Credit is paid to the Issuing Bank within three Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Bank on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal funds rate, as quoted by the Issuing Bank, during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to subsection 3.4(a) is not in fact made available to the Issuing Bank by such L/C Participant within three Business Days after the date such payment is due, the Issuing Bank shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to Revolving Credit Loans that are Alternate Base Rate Loans hereunder. A certificate of the Issuing Bank submitted to any L/C Participant with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Issuing Bank has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with subsection 3.4(a), the Issuing Bank receives any payment related to such Letter of Credit (whether directly from the Company or otherwise, including proceeds of collateral, if any, applied thereto by the Issuing Bank), or any payment of interest on account thereof, the Issuing Bank will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any

such payment received by the Issuing Bank shall be required to be returned by the Issuing Bank, such L/C Participant shall return to the Issuing Bank the portion thereof previously distributed by the Issuing Bank to it.

3.5 Reimbursement Obligation of the Borrower. The Company agrees to reimburse the Issuing Bank on each date on which the Issuing Bank notifies the Company of the date and amount of a draft presented under any Letter of Credit and paid by the Issuing Bank for the amount of (a) such draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by the Issuing Bank in connection with such payment. Each such payment shall be made to the Issuing Bank at its address for notices specified herein in lawful money of the United States of America and in immediately available funds. Interest shall be payable on any and all amounts remaining unpaid by the Company under this subsection from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full at a rate per annum equal to the Alternate Base Rate plus 2%.

3.6 Obligations Absolute. The Company's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Company may have or have had against the Issuing Bank or any beneficiary of a Letter of Credit. The Company also agrees with the Issuing Bank that the Issuing Bank shall not be responsible for, and the Company's Reimbursement Obligations under subsection 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Company and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Company against any beneficiary of such Letter of Credit or any such transferee. The Issuing Bank shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by the Issuing Bank's gross negligence or willful misconduct. The Company agrees that any action taken or omitted by the Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence of willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Company and shall not result in any liability of the Issuing Bank to the Company.

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

3.8 Application. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

#### SECTION 4. REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants that:

4.1 Corporate Existence; Compliance with Law. Each of the Company and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the corporate power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law in all material respects, including, without limitation, HMO Regulations and Insurance Regulations, except to the extent that the failure to be so qualified or to comply therewith would not have a Material Adverse Effect.

4.2 No Legal Obstacle to Agreement; Enforceability. Neither the execution and delivery of any Loan Document, nor the making by the Company of any borrowings hereunder, nor the consummation of any transaction herein or therein referred to or contemplated hereby or thereby nor the fulfillment of the terms hereof or thereof or of any agreement or instrument referred to in this Agreement, has constituted or resulted in or will constitute or result in a breach of any Requirement of Law, including without limitation, HMO Regulations and Insurance Regulations, or any Contractual Obligation of the Company or any of its Subsidiaries, or result in the creation under any agreement or instrument of any security interest, lien, charge or encumbrance upon any of the assets of the Company or any of its Subsidiaries. No approval, authorization or other action by any Governmental Authority, including, without limitation, HMO Regulators and Insurance Regulators, or any other Person is required to be obtained by the Company or any of its Subsidiaries in connection with the execution, delivery and performance of this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, or the making of any borrowing by the Company hereunder. This Agreement has been, and each other Loan Document will be, duly executed and delivered on behalf of the Company. This Agreement constitutes, and each other Loan Document when executed and delivered will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.3 Litigation. Except as disclosed in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 1996 and the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 1997 filed with the Securities and Exchange Commission and previously distributed to the Banks, there is no litigation, at law or in equity, or any proceeding before any federal, state, provincial or municipal board or other governmental or administrative agency, including without limitation, HMO Regulators and Insurance Regulators, pending or to the knowledge of the Company threatened which, after giving effect to any applicable insurance, may involve any material risk of a Material Adverse Effect or which seeks to enjoin the consummation of any of the transactions contemplated by this Agreement or any other Loan Document, and no judgment, decree, or order of any federal, state, provincial or municipal court, board or other governmental or administrative agency, including without limitation, HMO Regulators and Insurance Regulators, has been issued against the Company or any Subsidiary which

has, or may involve, a material risk of a Material Adverse Effect. The Company does not believe that the final resolution of the matters disclosed in its Annual Report on Form 10-K for its fiscal year ended December 31, 1996 and the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 1997 filed with the Securities and Exchange Commission and previously distributed to the Banks, will have a Material Adverse Effect.

4.4 Disclosure. Neither this Agreement nor any agreement, document, certificate or statement furnished to the Banks by the Company in connection herewith (including, without limitation, the information relating to the Company and its Subsidiaries included in the Confidential Information Memorandum dated July 1997 delivered in connection with the syndication of the credit facilities hereunder) contains any untrue statement of material fact or, taken as a whole together with all other information furnished to the Banks by the Company, omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. All pro forma financial statements made available to the Banks have been prepared in good faith based upon reasonable assumptions. There is no fact known to the Company which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, operations, affairs or condition of the Company and its Subsidiaries on a consolidated basis, except to the extent that they may be affected by future general economic conditions.

4.5 Defaults. Neither the Company nor any of its Subsidiaries is in default under or with respect to any Requirement of Law or Contractual Obligation in any respect which has had, or may have, a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.6 Financial Condition. The Company has furnished to the Agent and each Bank copies of the following:

(a) The Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 1996; and

(b) the Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended March 31, 1997.

The financial statements included therein, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein). As of the date of such financial statements, neither the Company nor any of its Subsidiaries had any known contingent liabilities of any significant amount which in accordance with GAAP are required to be referred to in said financial statements or in the notes thereto which could reasonably be expected to have a Material Adverse Effect. During the period from December 31, 1996 to and including the date hereof, there has been no sale, transfer or other disposition by the Company or any of its consolidated Subsidiaries of any asset reflected on the balance sheet referred to above that would have been a material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Company and its consolidated Subsidiaries at December 31, 1996 other than as disclosed in Schedule VI.

4.7 Changes in Condition. Since December 31, 1996, there has been no development or

event nor any prospective development or event, which has had, or may have, a Material Adverse Effect.

4.8 Assets. The Company and each Subsidiary have good and marketable title to all material assets carried on their books and reflected in the financial statements referred to in subsection 4.6 or furnished pursuant to subsection 6.4, except for assets held on Financing Leases or purchased subject to security devices providing for retention of title in the vendor, and except for assets disposed of as permitted by this Agreement.

4.9 Tax Returns. The Company and each of its Subsidiaries have filed all tax returns which are required to be filed and have paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to said returns or to assessments received. All federal tax returns of the Company and its Subsidiaries through their fiscal years ended in 1993 have been audited by the Internal Revenue Service or are not subject to such audit by virtue of the expiration of the applicable period of limitations, and the results of such audits are fully reflected in the balance sheets referred to in subsection 4.6. The Company knows of no material additional assessments since said date for which adequate reserves appearing in the said balance sheet have not been established.

4.10 Contracts, etc. Attached hereto as Schedule III is a statement of outstanding Indebtedness of the Company and its Subsidiaries for borrowed money in excess of \$2,000,000 as of the date set forth therein, and a complete and correct list of all agreements, contracts, indentures, instruments, documents and amendments thereto to which the Company or any Subsidiary is a party or by which it is bound pursuant to which any such Indebtedness of the Company and its Subsidiaries is outstanding on the date hereof. Said Schedule III also includes a complete and correct list of all such Indebtedness of the Company and its Subsidiaries outstanding on the date indicated in respect of Guarantee Obligations in excess of \$2,000,000 and letters of credit in excess of \$2,000,000, and there have been no increases in such Indebtedness since said date other than as permitted by this Agreement.

4.11 Subsidiaries. As of the date hereof, the Company has only the Subsidiaries set forth in Schedule IV, all of the outstanding capital stock of each of which is duly authorized, validly issued, fully paid and nonassessable and owned as set forth in said Schedule IV. Schedule IV indicates all Subsidiaries of the Company which are not Wholly-Owned Subsidiaries and the percentage ownership of the Company and its Subsidiaries in each such Subsidiary. The capital stock and securities owned by the Company and its Subsidiaries in each of the Company's Subsidiaries are owned free and clear of any mortgage, pledge, lien, encumbrance, charge or restriction on the transfer thereof other than restrictions on transfer imposed by applicable securities laws and restrictions, liens and encumbrances outstanding on the date hereof and listed in said Schedule IV.

4.12 Burdensome Obligations. Neither the Company nor any Subsidiary is a party to or bound by any agreement, deed, lease or other instrument, or subject to any charter, by-law or other corporate restriction which, in the reasonable opinion of the management thereof, is so unusual or burdensome as to in the foreseeable future have a Material Adverse Effect. The Company does not presently anticipate that future expenditures of the Company and its Subsidiaries needed to meet the provisions of any federal or state statutes, orders, rules or regulations will be so burdensome as to have a Material Adverse Effect.

4.13 Pension Plans. Each Plan maintained by the Company, any Subsidiary or any Control Group Person or to which any of them makes or will make contributions is in material compliance with the applicable provisions of ERISA and the Code. Neither the Company nor any Subsidiary nor any Control Group Person maintains, contributes to or participates in any Plan that is a "defined benefit plan" as defined in ERISA. Neither the Company, any Subsidiary, nor any Control Group Person has since August 31, 1987 maintained, contributed to or participated in any Multiemployer Plan, with respect to which a complete withdrawal would result in any withdrawal liability. The Company and its Subsidiaries have met all of the funding standards applicable to all Plans that are not Multiemployer Plans, and there exists no event or condition which would permit the institution of proceedings to terminate any Plan that is not a Multiemployer Plan. The current value of the benefits guaranteed under Title IV of ERISA of each Plan that is not a Multiemployer Plan does not exceed the current value of such Plan's assets allocable to such benefits.

4.14 Environmental and Public and Employee Health and Safety Matters. The Company and each Subsidiary has complied with all applicable Federal, state, and other laws, rules and regulations relating to environmental pollution or to environmental regulation or control or to public or employee health or safety, except to the extent that the failure to so comply would not be reasonably likely to result in a Material Adverse Effect. The Company's and the Subsidiaries' facilities do not contain, and have not previously contained, any hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants regulated under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other applicable law relating to environmental pollution or public or employee health and safety, in violation of any such law, or any rules or regulations promulgated pursuant thereto, except for violations that would not be reasonably likely to result in a Material Adverse Effect. The Company is aware of no events, conditions or circumstances involving environmental pollution or contamination or public or employee health or safety, in each case applicable to it or its Subsidiaries, that would be reasonably likely to result in a Material Adverse Effect.

4.15 Federal Regulations. No part of the proceeds of any Loans will be used in any transaction or for any purpose which violates the provisions of Regulations G, T, U or X as now and from time to time hereafter in effect. If requested by any Bank or the Agent, the Company will furnish to the Agent and each Bank a statement to the foregoing effect in conformity with the requirements of Form FR U-1 or Form FR G-3 referred to in said Regulations G and U.

4.16 Investment Company Act; Other Regulations. The Company is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Company is not subject to regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

4.17 Solvency. Each of the Company, and the Company and its Subsidiaries taken as a whole, is Solvent.

4.18 Casualties. Neither the businesses nor the properties of the Company or any of its Subsidiaries



are affected by any fire, explosion, accident, strike, lockout or other material labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that could reasonably be expected to have a Material Adverse Effect.

4.19 Business Activity. Neither the Company nor any of its Subsidiaries is engaged in any line of business that is not related to the healthcare industry other than the sale of life insurance in connection with the sale of medical insurance or other healthcare services, sale of long term care insurance, or any business or activity which is immaterial to the Company and its Subsidiaries on a consolidated basis.

4.20 Purpose of Loans. The proceeds of the Loans shall be used to repay any amounts outstanding under the Existing Credit Agreement and to finance any other lawful general corporate purpose, including acquisitions, provided that no part of the proceeds of any Loans will be used in any transaction or for any purpose which violates the provisions of Regulation G or Regulation U as now and from time to time hereafter in effect.

## SECTION 5. CONDITIONS

5.1 Conditions to the Closing Date. The obligations of each Bank to make the Loans contemplated by subsections 2.1 and 2.2 and of the Issuing Bank to issue Letters of Credit contemplated by subsection 3.1 shall be subject to the compliance by the Company with its agreements herein contained and to the satisfaction of the following conditions on or before the Closing Date:

(a) Loan Documents. The Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Company, with a counterpart for each Bank and (ii) for the account of each Bank, a Revolving Credit Note and a Grid CAF Loan Note conforming to the requirements hereof and executed by a duly authorized officer of the Company.

(b) Legal Opinions. The Agent shall have received, with a copy for each Bank, opinions rendered by (i) the general counsel of the Company, substantially in the form of Exhibit I-1, and (ii) Fried, Frank, Harris, Shriver & Jacobson, counsel to the Company, substantially in the form of Exhibit I-2.

(c) Closing Certificate. The Agent shall have received, with a copy for each Bank, a Closing Certificate, substantially in the form of Exhibit H and dated the Closing Date, executed by a Responsible Officer of the Company.

(d) Legality, etc. The consummation of the transactions contemplated hereby shall not contravene, violate or conflict with, nor involve the Agent, the Issuing Bank or any Bank in any violation of, any Requirement of Law including, without limitation, HMO Regulations and Insurance Regulations, and all necessary consents, approvals and authorizations of any Governmental Authority or any Person to or of such consummation shall have been obtained and shall be in full force and effect.

(e) Fees. The Agent shall have received the fees to be received on the Closing Date referred to in subsection 2.4(b).

(f) Corporate Proceedings. The Agent shall have received, with a copy for each Bank, a copy of the resolutions, in form and substance satisfactory to the Agent, of the Board of Directors of the Company authorizing (i) the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents, and (ii) the borrowings contemplated hereunder, certified by the Secretary or an Assistant Secretary of the Company as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded and shall be in form and substance reasonably satisfactory to the Agent.

(g) Corporate Documents. The Agent shall have received, with a copy for each Bank, true and complete copies of the certificate of incorporation and by-laws of the Company, certified as of the Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of the Company.

(h) No Material Litigation. Except as previously disclosed to the Agent and the Banks pursuant to subsection 4.3, no litigation, inquiry, investigation, injunction or restraining order (including any proposed statute, rule or regulation) shall be pending, entered or threatened which, in the reasonable judgment of the Required Banks, could reasonably be expected to have a Material Adverse Effect.

(i) Incumbency Certificate. The Agent shall have received, with a copy for each Bank, a certificate of the Secretary or an Assistant Secretary of the Company, dated the Closing Date, as to the incumbency and signature of the officers of the Company executing each Loan Document and any certificate or other document to be delivered by it pursuant hereto and thereto, together with evidence of the incumbency of such Secretary or Assistant Secretary.

(j) Good Standing Certificates. The Agent shall have received, with a copy for each Bank, copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Company in its jurisdiction of incorporation and in Kentucky.

(k) No Change. There shall not have occurred any change, or development of event involving a prospective change, and a Bank shall not have become aware of any previously undisclosed information, which in either case in the reasonable judgment of the Required Banks could reasonably be expected to have a Material Adverse Effect.

(l) Repayment of Outstanding Loans. On the Closing Date, all Loans and other amounts outstanding under the Existing Credit Agreement, if any, shall be repaid contemporaneously with the making of Loans hereunder and all commitments to extend credit thereunder shall be terminated.

5.2 Conditions to Each Loan. The agreement of each Bank to make any extension of credit requested to be made by it on any date is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the

Company and its Subsidiaries in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans requested to be made on such date.

(c) Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Loan Documents shall be satisfactory in form and substance to the Agent, and the Agent shall have received such other documents, instruments, legal opinions or other items of information reasonably requested by it, including, without limitation, copies of any debt instruments, security agreements or other material contracts to which the Company may be a party in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

(d) Regulations. In the case of any Loan the proceeds of which will be used, in whole or in part, to finance an acquisition, such acquisition shall be in full compliance with all applicable requirements of law, including, without limitation, Regulations G, T, U and X of the Board of Governors of the Federal Reserve System.

(e) Governmental, Third Party Approvals. In the case of any Loan the proceeds of which will be used, in whole or in part, to finance an acquisition, all necessary governmental and regulatory approvals, and all third party approvals the failure to obtain which would result in the acceleration of indebtedness unless such indebtedness is paid when due, in connection with such acquisition or in connection with this Agreement shall have been obtained and remain in effect, and all applicable waiting periods with respect to antitrust matters shall have expired without any action being taken by any competent authority which restrains such acquisition.

(f) No Restraints. In the case of any Loan the proceeds of which will be used, in whole or in part, to finance an acquisition, there shall exist no judgment, order, injunction or other restraint which would prevent the consummation of such acquisition.

(g) Form FR U-1; Form FR G-3. In the case of any Loan the proceeds of which will be used, in whole or in part, to purchase or carry Margin Stock, the Company shall have executed and delivered to the Agent and each Bank a statement on Form FR U-1 referred to in Regulation U or, if applicable, Form FR G-3 referred to in Regulation G, showing compliance with Regulation U or Regulation G, as the case may be, after giving effect to such Loan.

(h) Legal Opinion. In the case of any Loan the proceeds of which will be used, in whole or in part, to purchase or carry Margin Stock, the Agent shall have received, with a copy for each Bank, a written legal opinion of Fried, Frank, Harris, Shriver & Jacobson, counsel to the Company, or such other counsel reasonably acceptable to the Banks, to the effect that such Loan and the Company's use of the proceeds thereof does not violate

Regulation U or Regulation X.

Each borrowing and each request for issuance of a Letter of Credit by the Company hereunder shall constitute a representation and warranty by the Company as of the date of such extension of credit that the conditions contained in this subsection 5.2 have been satisfied.

#### SECTION 6. AFFIRMATIVE COVENANTS

The Company hereby agrees that, from and after the Closing Date and so long as the Commitments remain in effect, any Note or Letter of Credit remains outstanding and unpaid or any other amount is owing to any Bank or the Agent hereunder, the Company shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

6.1 Taxes, Indebtedness, etc. Duly pay, discharge or otherwise satisfy, or cause to be paid, discharged or otherwise satisfied, before the same shall become in arrears, all taxes, assessments, levies and other governmental charges imposed upon such corporation and its properties, sales and activities, or any part thereof, or upon the income or profits therefrom; provided, however, that any such tax, assessment, charge or levy need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Company or the Subsidiary in question shall have set aside on its books appropriate reserves in conformity with GAAP with respect thereto. Each of the Company and its Subsidiaries will promptly pay when due, or in conformance with customary trade terms, all other Indebtedness, liabilities and other obligations of whatever nature incident to its operations; provided, however, that any such Indebtedness, liability or obligation need not be paid if the validity or amount thereof shall currently be contested in good faith and if the Company or the Subsidiary in question shall have set aside on its books appropriate reserves in conformity with GAAP with respect thereto.

6.2 Maintenance of Properties; Maintenance of Existence. Keep its material properties in good repair, working order and condition and will from time to time make all necessary and proper repairs, renewals, replacements, additions and improvements thereto and will comply at all times with the provisions of all material leases and other material agreements to which it is a party so as to prevent any loss or forfeiture thereof or thereunder unless compliance therewith is being contested in good faith by appropriate proceedings and if the Company or the Subsidiary in question shall have set aside on its books appropriate reserves in conformity with GAAP with respect thereto; and in the case of the Company or any Subsidiary of the Company while such Person remains a Subsidiary, will do all things necessary to preserve, renew and keep in full force and effect and in good standing its corporate existence and all rights, privileges and franchises necessary or desirable to continue such businesses.

6.3 Insurance. Maintain or cause to be maintained, with financially sound and reputable insurers including any Subsidiary which is engaged in the business of providing insurance protection, insurance (including, without limitation, public liability insurance, business interruption insurance, reinsurance for medical claims and professional liability insurance against claims for malpractice) with respect to its material properties and business and the properties and business of its Subsidiaries in at least such amounts and against at least such risks as are customarily carried under similar circumstances by other corporations engaged in the same or a similar business; and furnish to each Bank, upon written request, full information as to the insurance carried. Such insurance

may be subject to co-insurance, deductibility or similar clauses which, in effect, result in self-insurance of certain losses, and the Company may self-insure against such loss or damage, provided that adequate insurance reserves are maintained in connection with such self-insurance.

6.4 Financial Statements. The Company will and will cause each of its Subsidiaries to maintain a standard modern system of accounting in which full, true and correct entries will be made of all dealings or transactions in relation to its business and affairs in accordance with GAAP consistently applied, and will furnish the following to each Bank (in duplicate if so requested):

(a) Annual Statements. As soon as available, and in any event within 120 days after the end of each fiscal year, the consolidated balance sheet as at the end of each fiscal year and consolidated statements of profit and loss and of retained earnings for such fiscal year of the Company and its Subsidiaries, together with comparative consolidated figures for the next preceding fiscal year, accompanied by reports or certificates of Coopers & Lybrand, or, if they cease to be the auditors of the Company, of other independent public accountants of national standing and reputation, to the effect that such balance sheet and statements were prepared in accordance with GAAP consistently applied and fairly present the financial position of the Company and its Subsidiaries as at the end of such fiscal year and the results of their operations and changes in financial position for the year then ended and the statement of such accountants and of the treasurer of the Company that such said accountants and treasurer have caused the provisions of this Agreement to be reviewed and that nothing has come to their attention to lead them to believe that any Default exists hereunder or, if such is not the case, specifying such Default or possible Default and the nature thereof. In addition, such financial statements shall be accompanied by a certificate of the treasurer of the Company containing computations showing compliance with subsections 7.1, 7.2, 7.3 and 7.5.

(b) Quarterly Statements. As soon as available, and in any event within 60 days after the close of each of the first three fiscal quarters of the Company and its Subsidiaries in each year, consolidated balance sheets as at the end of such fiscal quarter and consolidated profit and loss and retained earnings statements for the portion of the fiscal year then ended, of the Company and its Subsidiaries, together with computations showing compliance with subsections 7.1, 7.2, 7.3 and 7.5, accompanied by a certificate of the treasurer of the Company that such statements and computations have been properly prepared in accordance with GAAP, consistently applied, and fairly present the financial position of the Company and its Subsidiaries as at the end of such fiscal quarter and the results of their operations and changes in financial position for such quarter and for the portion of the fiscal year then ended, subject to normal audit and year-end adjustments, and to the further effect that he has caused the provisions of this Agreement and all other agreements to which the Company or any of its Subsidiaries is a party and which relate to Indebtedness to be reviewed, and has no knowledge that any Default has occurred under this Agreement or under any such other agreement, or, if said treasurer has such knowledge, specifying such Default and the nature

thereof. At such time that annual statements or quarterly statements, as the case may be, are furnished to each Bank pursuant to subsections 6.4(a) and 6.4(b), respectively, herein, the treasurer of the Company shall deliver to the Agent and the CAF Loan Agent a certificate showing the Consolidated Capitalization Ratio (the "Consolidated Capitalization Ratio Certificate") as of the last day of such fiscal quarter.

(c) ERISA Reports. The Company will furnish the Agent with copies of any request for waiver of the funding standards or extension of the amortization periods required by Sections 303 and 304 of ERISA or Section 412 of the Code promptly after any such request is submitted by the Company to the Department of Labor or the Internal Revenue Service, as the case may be. Promptly after a Reportable Event occurs, or the Company or any of its Subsidiaries receives notice that the PBGC or any Control Group Person has instituted or intends to institute proceedings to terminate any pension or other Plan, or prior to the Plan administrator's terminating such Plan pursuant to Section 4041 of ERISA, the Company will notify the Agent and will furnish to the Agent a copy of any notice of such Reportable Event which is required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its institution of such proceedings or its intent to institute such proceedings, or any notice to the PBGC that a Plan is to be terminated, as the case may be. The Company will promptly notify each Bank upon learning of the occurrence of any of the following events with respect to any Plan which is a Multiemployer Plan: a partial or complete withdrawal from any Plan which may result in the incurrence by the Company or any of its Subsidiaries of withdrawal liability in excess of \$1,000,000 under Subtitle E of Title IV of ERISA, or of the termination, insolvency or reorganization status of any Plan under such Subtitle E which may result in liability to the Company or any of its Subsidiaries in excess of \$1,000,000. In the event of such a withdrawal, upon the request of the Agent or any Bank, the Company will promptly provide information with respect to the scope and extent of such liability, to the best of the Company's knowledge.

6.5 Certificates; Other Information.  
Furnish to each Bank:

(a) within five Business Days after the same are sent, copies of all financial statements and reports which the Company sends to its stockholders, and within five Business Days after the same are filed, copies of all financial statements and reports which the Company may make to, or file with, the Securities and Exchange Commission;

(b) not later than thirty days prior to the end of each fiscal year of the Company, the Company shall deliver to the Agent and the Banks a schedule of the Company's insurance coverage and such supplemental schedules with respect thereto as the Agent and the Banks may from time to time reasonably request;

(c) within five Business Days after the consummation of a transaction described in subsection 7.4(c) or (d) or subsection 7.5(f) which, in each case, involves a Significant Subsidiary or assets which, if they constituted a separate

Subsidiary, would constitute a Significant Subsidiary, a certificate of the treasurer or chief financial officer of the Company demonstrating pro forma compliance with the financial covenants in this Agreement after giving effect to such transaction; and

(d) promptly, such additional financial and other information as any Bank may from time to time reasonably request.

6.6 Compliance with ERISA. Each of the Company and its Subsidiaries will meet, and will cause all Control Group Persons to meet, all minimum funding requirements applicable to any Plan imposed by ERISA or the Code (without giving effect to any waivers of such requirements or extensions of the related amortization periods which may be granted), and will at all times comply, and will cause all Control Group Persons to comply, in all material respects with the provisions of ERISA and the Code which are applicable to the Plans. At no time shall the aggregate actual and contingent liabilities of the Company under Sections 4062, 4063, 4064 and other provisions of ERISA (calculated as if the 30% of collective net worth amount referred to in Section 4062(b)(1)(A)(i)(II) of ERISA exceeded the actual total amount of unfunded guaranteed benefits referred to in Section 4062(B)(1)(A)(i)(I) of ERISA) with respect to all Plans (and all other pension plans to which the Company, any Subsidiary, or any Control Group Person made contributions prior to such time) exceed \$5,000,000. Neither the Company nor its Subsidiaries will permit any event or condition to exist which could permit any Plan which is not a Multiemployer Plan to be terminated under circumstances which would cause the lien provided for in Section 4068 of ERISA to attach to the assets of the Company or any of its Subsidiaries.

6.7 Compliance with Laws. Comply with all Contractual Obligations and Requirements of Law (including, without limitation, the HMO Regulations, Insurance Regulations, Regulation X and laws relating to the protection of the environment), except where compliance therewith shall be contested in good faith by appropriate proceedings, the Company or the Subsidiary in question shall have set aside on its books appropriate reserves in conformity with GAAP with respect thereto, and the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect.

6.8 Inspection of Property; Books and Records; Discussions. Keep proper books of records and account in which full, true and correct entries in conformity with GAAP, all Requirements of Law, including but not limited to, HMO Regulations and Insurance Regulations, and the terms hereof shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of any Bank to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Company and its Subsidiaries with officers and employees of the Company and its Subsidiaries and with its independent certified public accountants.

6.9 Notices. Promptly give notice to the Agent and each Bank of:

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

(b) any (i) default or event of default under any Contractual Obligation of the Company or any of its Subsidiaries or (ii) litigation, investigation or

proceeding which may exist at any time between the Company or any of its Subsidiaries and any Governmental Authority (including, without limitation, HMO Regulators and Insurance Regulators), which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Company or any of its Subsidiaries in which the amount involved is \$5,000,000 or more and not covered by insurance or in which material injunctive or similar relief is sought;

(d) a material development or material change in any ongoing litigation or proceeding affecting the Company or any of its Subsidiaries in which the amount involved is \$5,000,000 or more and not covered by insurance or in which material injunctive or similar relief is sought;

(e) the following events, as soon as possible and in any event within 30 days after the Company knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, or any withdrawal from, or the termination, Reorganization or Insolvency of any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Company or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan;

(f) a development or event which could have a Material Adverse Effect;

(g) the material non-compliance or potential material non-compliance with any Contractual Obligation or Requirement of Law, including, without limitation, HMO Regulations and Insurance Regulations, that is not currently being contested in good faith by appropriate proceedings;

(h) the revocation of any material license, permit, authorization, certificate, qualification or accreditation of the Company or any Subsidiary by any Governmental Authority, including, without limitation, the HMO Regulators and Insurance Regulators; and

(i) any significant change in or material additional restriction placed on the ability of a Significant Subsidiary to continue business as usual, including, without limitation, its ability to pay dividends to the Company, by any Governmental Authority, including, without limitation, the HMO Regulators and Insurance Regulators.

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

#### 6.10 Maintenance of Accreditation, Etc.

Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, all licenses, permits, authorizations, certifications and qualifications (including, without limitation, those qualifications with respect to solvency and capitalization) required under the HMO Regulations or the Insurance Regulations in connection with the ownership or operation of HMO's or insurance



companies except were the failure to do so would not result in a Material Adverse Effect.

6.11 Further Assurances. Execute any and all further documents, and take all further action which the Required Banks or the Agent may reasonably request in order to effectuate the transactions contemplated by the Loan Documents.

## SECTION 7. NEGATIVE COVENANTS

The Company hereby agrees that, from and after the Closing Date and so long as the Commitments remain in effect, any Note or Letter of Credit remains outstanding and unpaid or any other amount is owing to any Bank or the Agent hereunder, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

### 7.1 Financial Condition Covenants.

(a) Maintenance of Net Worth. Permit Consolidated Net Worth at any time to be less than 75% of its Consolidated Net Worth of the Company and its consolidated subsidiaries as at March 31, 1997 plus 50% of Consolidated Net Income for each full fiscal quarter after March 31, 1997 (without any deduction for any such fiscal quarter in which such Consolidated Net Income is a negative number).

(b) Fixed Charge Coverage. Permit the ratio of (i) Consolidated EBIT for any period of four consecutive fiscal quarters of the Company to (ii) Consolidated Interest Expense during such period, to be less than 3.0 to 1.0.

(c) Maximum Leverage Ratio. Permit the Leverage Ratio on the last day of any full fiscal quarter of the Company to be more than 3.25 to 1.0, in the case of any such period ending on or prior to March 31, 1998 and 3.0 to 1.0, in the case of any such period ending thereafter.

7.2 Limitation on Subsidiary Indebtedness. The Company shall not permit any of the Subsidiaries of the Company to create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Subsidiary to the Company or any other Subsidiary;

(b) Indebtedness of a corporation which becomes a Subsidiary after the date hereof, provided that (i) such indebtedness existed at the time such corporation became a Subsidiary and was not created in anticipation thereof and (ii) immediately before and after giving effect to the acquisition of such corporation by the Company no Default or Event of Default shall have occurred and be continuing; or

(c) additional Indebtedness of Subsidiaries of the Company not exceeding \$125,000,000 in aggregate principal amount at any one time outstanding.

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

(a) Liens, if any, securing the obligations of the Company under this Agreement and the Notes;

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

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(d) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

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

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Company or such Subsidiary;

(g) Liens in existence on the Closing Date listed on Schedule V, securing Indebtedness in existence on the Closing Date, provided that no such Lien is spread to cover any additional property after the Closing Date and that the amount of Indebtedness secured thereby is not increased;

(h) Liens securing Indebtedness of the Company and its Subsidiaries not prohibited hereunder incurred to finance the acquisition of fixed or capital assets, provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the principal amount of Indebtedness secured by any such Lien shall at no time exceed 80% of the original purchase price of such property;

(i) Liens on the property or assets of a corporation which becomes a Subsidiary after the date hereof, provided that (i) such Liens existed at the time such corporation became a Subsidiary and were not created in anticipation thereof, (ii) any such Lien is not spread to cover any other property or assets after the time such corporation becomes a Subsidiary and (iii) the amount of Indebtedness secured thereby, if any, is not increased;

(j) Liens on the Headquarters, Riverview Square, the Waterside Garage and the Waterside Building; or

(k) Liens not otherwise permitted under this subsection 7.3 securing obligations in an aggregate amount not exceeding at any time 10% of Consolidated Net Tangible Assets as at the end of the immediately preceding fiscal quarter of the Company.

#### 7.4 Limitations on Fundamental Changes.

Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or make any material change in its method of conducting business, or purchase or otherwise acquire all or substantially all of the Capital Stock, or the property, business or assets, of any other Person (other than any Subsidiary) or any business division thereof except:

(a) any Subsidiary of the Company may be merged or consolidated with or into the Company (provided that the Company shall be the continuing or surviving corporation) and any Subsidiary of the Company may be merged or consolidated with or into any one or more wholly owned Subsidiaries of the Company (provided that the surviving corporation shall be a wholly owned Subsidiary);

(b) the Company may merge into another corporation owned by the Company for the purpose of causing the Company to be incorporated in a different jurisdiction;

(c) the Company or a wholly owned Subsidiary of the Company may merge with another corporation, provided that (i) the Company or such wholly owned Subsidiary (subject to clause (ii)), as the case may be, shall be the continuing or surviving corporation of such merger, (ii) in the case of a wholly owned Subsidiary of the Company which is merged into another corporation which is the continuing or surviving corporation of such merger, the Company shall cause such continuing or surviving corporation to be a wholly owned Subsidiary of the Company and (iii) immediately before and after giving effect to such merger no Default or Event of Default shall have occurred and be continuing; or

(d) the Company and its Subsidiaries may purchase or otherwise acquire all or substantially all of the Capital Stock, or the property, business or assets, of any other Person, or any business division thereof, so long as no Default or Event of Default shall have occurred and be continuing.

7.5 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, except:

(a) obsolete or worn out property disposed of in the ordinary course of business;

(b) the sale or discount without recourse of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(c) the sale or other disposition of the Headquarters, Riverview Square, the Waterside Garage and the Waterside Building;

(d) the sale or other disposition of securities held for investment purposes in the ordinary course of business;

(e) any wholly owned Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Company or any other wholly owned Subsidiary of the Company (except to a Subsidiary referred to in subsection 7.2(b)); or

(f) the sale or other disposition of any other property so long as no Default or Event of Default shall have occurred and be continuing; provided that the aggregate book value of all assets so sold or disposed of in any fiscal year of the Company shall not exceed in the aggregate 12% of the Consolidated Assets of the Company and its Subsidiaries as at the end of the immediately preceding fiscal year of the Company.

7.6 Limitation on Distributions. The Company shall not make any Distribution except that, so long as no Default exists or would exist after giving effect thereto, the Company may make a Distribution.

7.7 Transactions with Affiliates. Enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate (other than the Company and its Subsidiaries) unless such transaction is otherwise permitted under this Agreement, is in the ordinary course of the Company's or such Subsidiary's business and is upon fair and reasonable terms no less favorable to the Company or such Subsidiary, as the case may be, than it would obtain in an arm's length transaction.

7.8 Sale and Leaseback. Enter into any arrangement with any Person providing for the leasing by the Company or any Subsidiary of real or personal property which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Company or such Subsidiary, unless such arrangement is upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtained in a comparable arm's length transaction between an informed and willing seller or lessor under no compulsion to sell or lease and an informed and willing buyer or lessee under no compulsion to buy or lease.

## SECTION 8. DEFAULTS

8.1 Events of Default. Upon the occurrence of any of the following events.

(a) any default shall be made by the Company in any payment in respect of: (i) interest on any of the Notes, any Reimbursement Obligation or any facility fee payable hereunder as the same shall become due and such default shall continue for a period of five days; or (ii) any Reimbursement Obligation or principal of the Indebtedness evidenced by the Notes as the same shall become due, whether at maturity, by prepayment, by acceleration or otherwise; or

(b) any default shall be made by either the Company or any Subsidiary of the Company in the performance or observance of any of the provisions of subsections 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.8 and 7.9; or

(c) any default shall be made in the due performance or observance of any other covenant, agreement or provision to be performed or observed by the Company under this Agreement, and such default shall not be rectified or cured within a period expiring 30 days after written notice thereof by the Agent to the Company; or

(d) any representation or warranty made or deemed made by the Company herein or in any

other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall have been untrue in any material respect on or as of the date made and the facts or circumstances to which such representation or warranty relates shall not have been subsequently corrected to make such representation or warranty no longer incorrect; or

(e) any default shall be made in the payment of any item of Indebtedness of the Company or any Subsidiary or under the terms of any agreement relating to such Indebtedness and such default shall continue without having been duly cured, waived or consented to, beyond the period of grace, if any, therein specified; provided, however, that such default shall not constitute an Event of Default unless (i) the outstanding principal amount of such item of Indebtedness exceeds \$10,000,000, or (ii) the aggregate outstanding principal amount of such item of Indebtedness and all other items of Indebtedness of the Company and its Subsidiaries as to which such defaults exist and have continued without being duly cured, waived or consented to beyond the respective periods of grace, if any, therein specified exceeds \$25,000,000, or (iii) such default shall have continued without being rectified or cured for a period of 30 days after written notice thereof by the Agent to the Company; or

(f) either the Company or any Subsidiary shall be involved in financial difficulties as evidenced:

(i) by its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its board of directors or other governing body, the commencement of such a voluntary case;

(ii) by the filing against it of a petition commencing an involuntary case under said Title 11 which shall not have been dismissed within 60 days after the date on which said petition is filed or by its filing an answer or other pleading within said 60-day period admitting or failing to deny the material allegations of such a petition or seeking, consenting or acquiescing in the relief therein provided;

(iii) by the entry of an order for relief in any involuntary case commenced under said Title 11;

(iv) by its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief;

(v) by the entry of an order by a court of competent jurisdiction (i) finding it to be bankrupt or insolvent, (ii) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (iii) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part

of its property; or

(vi) by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property; or

(g) a Change in Control of the Company shall occur;

(h) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Banks, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Company or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Banks is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could subject the Company or any of its Subsidiaries to any tax, penalty or other liabilities which in the aggregate could have a Material Adverse Effect; or

(i) one or more judgments or decrees shall be entered against the Company or any of its Subsidiaries and such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 45 days from the entry thereof that (i) involves in the aggregate a liability (not paid or fully covered by insurance) of \$25,000,000 or more, or (ii) could reasonably be expected to have a Material Adverse Effect; or

(j) (i) any material non-compliance by the Company or any Significant Subsidiary with any term or provision of the HMO Regulations or Insurance Regulations pertaining to fiscal soundness, solvency or financial condition; or (ii) the assertion in writing by an HMO Regulator or Insurance Regulator that it is taking administrative action against the Company or any Significant Subsidiary to revoke or modify any contract of insurance, license, permit, certification, authorization, accreditation or charter or to enforce the fiscal soundness, solvency or financial provisions or requirements of the HMO Regulations or Insurance Regulations against any of such entities and the Company or such Significant Subsidiary shall have been unable to cause such HMO Regulator or Insurance Regulator to withdraw such written notice within five Business Days following receipt of such written notice by the Company or such Significant Subsidiary, in each of clauses (i) and (ii), to the extent such event will or is reasonably expected to have a Material Adverse

Effect; or

(k) on or after the Closing Date, (i) for any reason any Loan Document ceases to be or is not in full force and effect or (ii) the Company shall assert that any Loan Document has ceased to be or is not in full force and effect;

then, and in any such event, (A) if such event is an Event of Default specified in paragraph (f) above with respect to the Company, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Banks, the Agent may, or upon the request of the Required Banks, the Agent shall, by notice to the Company declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Banks, the Agent may, or upon the request of the Required Banks, the Agent shall, by notice of default to the Company, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) (the "Bank Obligations") to be due and payable forthwith, whereupon the same shall immediately become due and payable.

With respect to all Letters of Credit as to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding paragraph, the Company shall at such time deposit in a cash collateral account opened by the Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Company hereunder and under the Notes. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Company hereunder and under the Notes shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Company.

Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

8.2 Annulment of Defaults. An Event of Default shall not be deemed to be in existence for any purpose of this Agreement if the Agent, with the consent of or at the direction of the Required Banks, subject to subsection 10.1, shall have waived such event in writing or stated in writing that the same has been cured to its reasonable satisfaction, but no such waiver shall extend to or affect any subsequent Event of Default or impair any rights of the Agent or the Banks upon the occurrence thereof.

8.3 Waivers. The Company hereby waives to the extent permitted by applicable law (a) all presentments, demands for performance, notices of nonperformance (except to the extent required by the

provisions hereof), protests, notices of protest and notices of dishonor in connection with any Reimbursement Obligation or any of the Indebtedness evidenced by the Notes, (b) any requirement of diligence or promptness on the part of any Bank in the enforcement of its rights under the provisions of this Agreement, any Letter of Credit or any Note, and (c) any and all notices of every kind and description which may be required to be given by any statute or rule of law.

8.4 Course of Dealing. No course of dealing between the Company and any Bank shall operate as a waiver of any of the Banks' rights under this Agreement or any Note. No delay or omission on the part of any Bank in exercising any right under this Agreement or any Note or with respect to any of the Bank Obligations shall operate as a waiver of such right or any other right hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding upon any Bank unless it is in writing and signed by the Agent or such of the Banks as may be required by the provisions of this Agreement. The making of a Loan or issuance of a Letter of Credit hereunder during the existence of a Default shall not constitute a waiver thereof.

#### SECTION 9. THE AGENT

9.1 Appointment. Each Bank hereby irrevocably designates and appoints The Chase Manhattan Bank as the Agent and CAF Loan Agent of such Bank under this Agreement, and each such Bank irrevocably authorizes The Chase Manhattan Bank, as the Agent and CAF Loan Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Agent or CAF Loan Agent, as the case may be, by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Agent nor the CAF Loan Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent or the CAF Loan Agent.

9.2 Delegation of Duties. The Agent or the CAF Loan Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Agent nor the CAF Loan Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither the Agent nor the CAF Loan Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent or the CAF Loan Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the Notes or for any failure of the Company to perform its obligations hereunder. Neither the Agent nor the CAF Loan Agent shall



be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Company.

9.4 Reliance by Agent. The Agent and the CAF Loan Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, teletype, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Agent or the CAF Loan Agent. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent and the CAF Loan Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent and the CAF Loan Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

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

9.6 Non-Reliance on Agent and Other Banks. Each Bank expressly acknowledges that neither the Agent nor the CAF Loan Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent or the CAF Loan Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent and the CAF Loan Agent that it has, independently and without reliance upon the Agent or the CAF Loan Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or the CAF Loan Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under

this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent or the CAF Loan Agent hereunder, neither the Agent nor the CAF Loan Agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of the Agent or the CAF Loan Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

9.7 Indemnification. The Banks agree to indemnify the Agent and the CAF Loan Agent in its capacity as such (to the extent not reimbursed by the Company and without limiting the obligation of the Company to do so), ratably according to the respective amounts of their then existing Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent or the CAF Loan Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Agent or the CAF Loan Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Agent's or the CAF Loan Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Notes and all other amounts payable hereunder.

9.8 Agent and CAF Loan Agent in Its Individual Capacity. The Agent and the CAF Loan Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though the Agent or the CAF Loan Agent were not the Agent or the CAF Loan Agent hereunder. With respect to its Loans made or renewed by it and any Note issued to it and with respect to any Letter of Credit issued or participated in by it, the Agent and the CAF Loan Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent or the CAF Loan Agent in its individual capacity.

9.9 Successor Agent and CAF Loan Agent. The Agent or the CAF Loan Agent may resign as Agent or CAF Loan Agent, as the case may be, upon 10 days' notice to the Banks. If the Agent or the CAF Loan Agent shall resign as Agent or CAF Loan Agent, as the case may be, under this Agreement, then the Required Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be approved by the Company, whereupon such successor agent shall succeed to the rights, powers and duties of the Agent or CAF Loan Agent, as the case may be, and the term "Agent" or "CAF Loan Agent", as the case may be, shall mean such successor agent effective upon its appointment, and the former Agent's or CAF Loan Agent's rights, powers and duties as Agent or CAF Loan Agent shall be terminated, without any other or further act or deed on the part of such former Agent or CAF Loan Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's or CAF Loan Agent's resignation hereunder as Agent or CAF Loan Agent, the provisions of this

subsection 9.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent or CAF Loan Agent under this Agreement.

9.10 Documentation Agent. The Documentation Agent shall not have any rights, duties or responsibilities hereunder in its capacity as such. The Documentation Agent may resign as Documentation Agent at any time upon notice to the Banks.

#### SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. Neither this Agreement, any Note, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. With the written consent of the Required Banks, the Agent and the Company may, from time to time, enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or the Notes or changing in any manner the rights of the Banks or of the Company hereunder or thereunder or waiving, on such terms and conditions as the Agent may specify in such instrument, any of the requirements of this Agreement or the Notes or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (a) extend the maturity (whether as stated, by acceleration or otherwise) of any Note (subject to the extension provisions of subsection 2.5 hereof), or reduce the rate or extend the time of payment of interest thereon, or reduce or extend the payment of any fee payable to the Banks hereunder, or reduce the principal amount thereof, or change the amount of any Bank's Commitment, in each case without the consent of each Bank directly affected thereby, or (b) amend, modify or waive any provision of this subsection 10.1 or reduce the percentage specified in the definition of Required Banks or consent to the assignment or transfer by the Company of any of its rights and obligations under this Agreement, in each case without the written consent of all the Banks, or (c) amend, modify or waive any provision of Section 9 without the written consent of the then Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Company, the Banks, the Agent and all future holders of the Notes. In the case of any waiver, the Company, the Banks and the Agent shall be restored to their former position and rights hereunder and under the outstanding Notes, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three Business Days after being deposited in the mail, postage prepaid, or one Business Day after being deposited with an overnight courier service, or, in the case of telecopy notice, when sent, confirmation of receipt received, addressed as follows in the case of the Company, the Agent, and the CAF Loan Agent and as set forth in Schedule I in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Company:           Humana Inc.  
  
                          The Humana Building  
                          500 West Main Street  
                          Louisville, Kentucky 40202

Attention: James W. Doucette,  
Vice President and  
Treasurer  
Telecopy: (502) 580-4089

The Agent and  
CAF Loan Agent: The Chase Manhattan Bank  
270 Park Avenue  
New York, New York 10017  
Attention: Dawn Lee Lum  
Telecopy: (212) 270-3279

with a copy to: Chase Agent Bank Services  
One Chase Manhattan Plaza, 8th Floor  
New York, New York 10081  
Attention: Janet Belden  
Telecopy: (212) 552-5658

provided that any notice, request or demand to or upon the Agent or the Banks pursuant to Section 2 shall not be effective until received.

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

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes.

10.5 Payment of Expenses and Taxes; Indemnity. (a) The Company agrees (i) to pay or reimburse the Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the Notes and any other documents prepared in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, (ii) to pay or reimburse each Bank and the Agent for all their reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes and any such other documents, including, without limitation, reasonable fees and disbursements of counsel (including, without limitation, the allocated cost of in-house counsel) to the Agent and to the several Banks, and (iii) to pay, indemnify, and hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes and any such other documents.

(b) The Company will indemnify each of the Agent and the Banks and the directors, officers and employees thereof and each Person, if any, who controls each one of the Agent and the Banks (any of the foregoing,

an "Indemnified Person") and hold each Indemnified Person harmless from and against any and all claims, damages, liabilities and expenses (including without limitation all fees and disbursements of counsel (including without limitation, the allocated cost of in-house counsel) with whom an Indemnified Person may consult in connection therewith and all expenses of litigation or preparation therefor) which an Indemnified Person may incur or which may be asserted against it in connection with any litigation or investigation involving this Agreement, the use of any proceeds of any Loans under this Agreement by the Company or any Subsidiary, any officer, director or employee thereof, excluding litigation commenced by the Company against any of the Agent or the Banks which (i) seeks enforcement of any of the Company's rights hereunder and (ii) is determined adversely to any of the Agent or the Banks (all such non-excluded claims, damages, liabilities and expenses, "Indemnified Liabilities"), provided that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent such Indemnified Liabilities resulted from the gross negligence or willful misconduct of such Indemnified Person.

(c) The agreements in this subsection 10.5 shall survive repayment of the Notes and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations; Purchasing Banks. (a) This Agreement shall be binding upon and inure to the benefit of the Company, the Banks, the Agent, all future holders of the Notes and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Bank.

(b) Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loans owing to such Bank, any Notes held by such Bank, any Commitments of such Bank or any other interests of such Bank hereunder and under the other Loan Documents. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank's obligations under this Agreement to the other parties under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any such Notes for all purposes under this Agreement, and the Company and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and under the other Loan Documents. The Company agrees that if amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of offset in respect of its participating interest in amounts owing under this Agreement and any Notes to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement or any Notes, provided that such right of offset shall be subject to the obligation of such Participant to share with the Banks, and the Banks agree to share with such Participant, as provided in subsection 10.7. The Company also agrees that each Participant shall be entitled to the benefits of subsections 2.13, 2.14 and 2.15 with respect to its participation in the Commitments and the Eurodollar Loans outstanding from time to time; provided that no Participant shall be entitled to receive any greater amount pursuant to such subsections than the transferor Bank would have been entitled to receive in respect of the amount of the participation transferred by such transferor Bank to such

Participant had no such transfer occurred. No Participant shall be entitled to consent to any amendment, supplement, modification or waiver of or to this Agreement or any Note, unless the same is subject to clause (a) of the proviso to subsection 10.1.

(c) Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time assign to one or more banks or other entities ("CAF Loan Assignees") any CAF Loan owing to such Bank and any Individual CAF Loan Note held by such Bank evidencing such CAF Loan, pursuant to a CAF Loan Assignment executed by the assignor Bank and the CAF Loan Assignee. Upon such execution, from and after the date of such CAF Loan Assignment, the CAF Loan Assignee shall, to the extent of the assignment provided for in such CAF Loan Assignment, be deemed to have the same rights and benefits of payment and enforcement with respect to such CAF Loan and Individual CAF Loan Note and the same rights of offset pursuant to subsection 8.1 and under applicable law and obligation to share pursuant to subsection 10.7 as it would have had if it were a Bank hereunder; provided that unless such CAF Loan Assignment shall otherwise specify and a copy of such CAF Loan Assignment shall have been delivered to the Agent for its acceptance and recording in the Register in accordance with subsection 10.6(f), the assignor thereunder shall act as collection agent for the CAF Loan Assignee thereunder, and the Agent shall pay all amounts received from the Company which are allocable to the assigned CAF Loan or Individual CAF Loan Note directly to such assignor without any further liability to such CAF Loan Assignee. A CAF Loan Assignee under a CAF Loan Assignment shall not, by virtue of such CAF Loan Assignment, become a party to this Agreement or have any rights to consent to or refrain from consenting to any amendment, waiver or other modification of any provision of this Agreement or any related document; provided that if a copy of such CAF Loan Assignment shall have been delivered to the Agent for its acceptance and recording in the Register in accordance with subsection 10.6(f), neither the principal amount of, the interest rate on, nor the maturity date of any CAF Loan or Individual CAF Loan Note assigned to the CAF Loan Assignee thereunder will be modified without the written consent of such CAF Loan Assignee. If a CAF Loan Assignee has caused a CAF Loan Assignment to be recorded in the Register in accordance with subsection 10.6(f), such CAF Loan Assignee may thereafter, in the ordinary course of its business and in accordance with applicable law, assign such Individual CAF Loan Note to any Bank, to any affiliate or subsidiary of such CAF Loan Assignee or to any other financial institution that has total assets in excess of \$1,000,000,000 and that in the ordinary course of its business extends credit of the type evidenced by such Individual CAF Loan Note, and the foregoing provisions of this subsection 10.6(c) shall apply, mutatis mutandis, to any such assignment by a CAF Loan Assignee. Except in accordance with the preceding sentence, CAF Loans and Individual CAF Loan Notes may not be further assigned by a CAF Loan Assignee, subject to any legal or regulatory requirement that the CAF Loan Assignee's assets must remain under its control.

(d) Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to any Bank or any affiliate thereof, and, with the consent of the Company and the Agent (which in each case shall not be unreasonably withheld) to one or more additional banks or financial institutions ("Purchasing Banks") all or any part of its rights and obligations under this Agreement and the Notes pursuant to a Commitment Transfer Supplement, executed by such Purchasing Bank, such transferor Bank and the Agent (and, in the case of a Purchasing Bank that is not then a Bank or an affiliate thereof, by the Company);

provided, however, that (i) the Commitments purchased by such Purchasing Bank that is not then a Bank shall be equal to or greater than \$10,000,000 and (ii) the transferor Bank which has transferred less than all of its Loans and Commitments to any such Purchasing Bank shall retain a minimum Commitment, after giving effect to such sale, equal to or greater than \$10,000,000. Upon (i) such execution of such Commitment Transfer Supplement, (ii) delivery of an executed copy thereof to the Company and (iii) payment by such Purchasing Bank, such Purchasing Bank shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement, to the same extent as if it were an original party hereto with the Commitment Percentage of the Commitments set forth in such Commitment Transfer Supplement. Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Bank and the resulting adjustment of Commitment Percentages arising from the purchase by such Purchasing Bank of all or a portion of the rights and obligations of such transferor Bank under this Agreement and the Notes. Upon the consummation of any transfer to a Purchasing Bank, pursuant to this subsection 10.6(d), the transferor Bank, the Agent and the Company shall make appropriate arrangements so that, if required, replacement Notes are issued to such transferor Bank and new Notes or, as appropriate, replacement Notes, are issued to such Purchasing Bank, in each case in principal amounts reflecting their Commitment Percentages or, as appropriate, their outstanding Loans as adjusted pursuant to such Commitment Transfer Supplement.

(e) The Agent shall maintain at its address referred to in subsection 10.2 a copy of each CAF Loan Assignment and each Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of (i) the names and addresses of the Banks and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time, and (ii) with respect to each CAF Loan Assignment delivered to the Agent, the name and address of the CAF Loan Assignee and the principal amount of each CAF Loan owing to such CAF Loan Assignee. The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, the Agent and the Banks may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank or CAF Loan Assignee at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of a CAF Loan Assignment executed by an assignor Bank and a CAF Loan Assignee, together with payment to the Agent of a registration and processing fee of \$1,000, the Agent shall promptly accept such CAF Loan Assignment, record the information contained therein in the Register and give notice of such acceptance and recordation to the assignor Bank, the CAF Loan Assignee and the Company. Upon its receipt of a Commitment Transfer Supplement executed by a transferor Bank and a Purchasing Bank (and, in the case of a Purchasing Bank that is not then a Bank or an affiliate thereof, by the Company and the Agent) together with payment to the Agent of a registration and processing fee of \$2,500, the Agent shall (i) promptly accept such Commitment Transfer Supplement (ii) on the Transfer Effective Date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Banks and the Company.

(g) The Company authorizes each Bank to

disclose to any Participant, CAF Loan Assignee or Purchasing Bank (each, a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Company which has been delivered to such Bank by the Company pursuant to this Agreement or which has been delivered to such Bank by the Company in connection with such Bank's credit evaluation of the Company prior to entering into this Agreement.

(h) If, pursuant to this subsection 10.6, any interest in this Agreement or any Note is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agent and the Company) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Company or the transferor Bank with respect to any payments to be made to such Transferee in respect of the Loans, (ii) to furnish to the transferor Bank (and, in the case of any Purchasing Bank and any CAF Loan Assignee registered in the Register, the Agent and the Company) either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein such Transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder) and (iii) to agree (for the benefit of the transferor Bank, the Agent and the Company) to provide the transferor Bank (and, in the case of any Purchasing Bank and any CAF Loan Assignee registered in the Register, the Agent and the Company) a new Form 4224 or Form 1001 upon the obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such Transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

(i) Nothing herein shall prohibit any Bank or any Affiliate thereof from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law.

10.7 Adjustments; Set-off. If any Bank (a "Benefitted Bank") shall at any time receive any payment of all or part of its Loans or the Reimbursement Obligations owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by offset, pursuant to events or proceedings of the nature referred to in subsection 8.1(f), or otherwise) in a greater proportion than any such payment to and collateral received by any other Bank, if any, in respect of such other Bank's Loans or the Reimbursement Obligations owing to it, or interest thereon, such Benefitted Bank shall purchase for cash from the other Banks such portion of each such other Bank's Loans or the Reimbursement Obligations then due and owing to it, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Company agrees that each Bank so purchasing a portion of another Bank's Loan may exercise all rights of a payment (including, without limitation, rights of offset) with respect to such portion as fully as if such Bank were the direct holder of such portion.

10.8 Counterparts. This Agreement may be



executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Agent.

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

10.10 WAIVERS OF JURY TRIAL. THE COMPANY, THE AGENT, THE CAF LOAN AGENT AND THE BANKS EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.11 Submission To Jurisdiction; Waivers. The Company hereby irrevocably and unconditionally:

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

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

10.12 Confidentiality of Information. Each Bank acknowledges that some of the information furnished to such Bank pursuant to this Agreement may be received by such Bank prior to the time such information shall have been made public, and each Bank agrees that it will keep all information so furnished confidential and shall make no use of such information until it shall have become public, except (a) in connection with matters involving operations under or enforcement of this Agreement or the Notes, (b) in accordance with each Bank's obligations under law or pursuant to subpoenas or other process to make information available to governmental agencies and examiners or to others, (c) to each Bank's corporate Affiliates and Transferees and prospective Transferees so long as such Persons agree to be bound by this subsection 10.12 and (d) with the prior written consent of the Company.

10.13 Existing Credit Agreement. Each Bank which is a Bank party to the Existing Credit Agreement and the Company acknowledge that the commitments under the Existing Credit Agreement will terminate on the Closing Date, and each such Bank hereby waives any requirement of the Existing Credit Agreement that the Company give any notice of such termination.

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

By: /s/ James W. Doucette

Name: James W. Doucette  
Title: Vice President & Treasurer

THE CHASE MANHATTAN BANK,  
as Agent, as CAF Loan Agent and as a Bank

By: /s/ Dawn Lee Lum

Name: Dawn Lee Lum  
Title: Vice President

BANK OF AMERICA NATIONAL TRUST  
& SAVINGS ASSOCIATION,  
as Documentation Agent and as a Bank

By: /s/ Edward S. Han

Name: Edward S. Han  
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ William E. Zarrett

Name: William E. Zarrett  
Title: Senior Relationship Manager

WACHOVIA BANK, N.A.

By: /s/ John Tibe

Name: John Tibe  
Title: Assistant Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /s/ Robert Bottamedi

Name: Robert Bottamedi  
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD.,  
CHICAGO BRANCH

By: /s/ Tokutaro Sekine

Name: Tokutaro Sekine  
Title: General Manager

CITIBANK, N.A.

By: /s/ Margaret Au Brown

Name: Margaret Aubrown  
Title: Managing Director

PNC BANK, KENTUCKY, INC.

By:/s/ Paula K. Fryland

Name: Paula K. Fryland  
Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/ Ken Taylor

Name: Ken Taylor  
Title: Assistant Vice President

By:  
Name:  
Title:

NATIONAL CITY BANK OF KENTUCKY

By: /s/ Deroy Scott

Name: Deroy Scott  
Title: Vice President

BANQUE PARIBAS

By:/s/ Russell A. Pomerantz

Name: Russell A. Pomerantz  
Title: Vice President

By: David I. Canavan

Name: David I. Canavan  
Title: Group Vice President

FIRSTSTAR BANK MILWAUKEE, N.A.

By: /s/ Sandra J. Hartay

Name: Sandra J. Hartay  
Title: Vice President

BANCA MONTE DEI PASCHI DI SIENA, SPA

By: /s/ G. Natalicchi

Name: G. Natalicchi  
Title: S.V.P. & General Manager

By: Brian R. Landy

Name: Brian R. Landy  
Title: Vice President

BANCA NAZIONALE DEL LAVORO S.P.A.

By: /s/ Giuliano Violetta

Name: Giuliano Violetta  
Title: First Vice President

By: Roberto Mancone

Name: Roberto Mancone  
Title: Assistant Vice President

BANK ONE, KENTUCKY, NA

By: /s/ Todd D. Munson

Name: Todd D. Munson  
Title: Senior Vice President

THE BANK OF NEW YORK

By: /s/ Edward J. Dougherty III

Name: Edward J. Dougherty III  
Title: Vice President/U.S. Commercial Banking

BARNETT BANK, N.A.

By: /s/ Melinda J. Lemen

Name: Melinda J. Lemen  
Title: Vice President

CORESTATES BANK, N.A.

By: /s/ Elizabeth D. Morris

Name: Elizabeth D. Morris  
Title: Vice President

FIFTH THIRD BANK OF KENTUCKY

By: /s/ Robert M. Eversole

Name: Robert M. Eversole  
Title: Senior Vice President of Commercial Banking

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Thomas M. Harkless

Name: Thomas M. Harkless  
Title: Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Tom Purcell

Name: Tom Purcell  
Title: Vice President

THE NORTHERN TRUST COMPANY

By: /s/ John J. Conway

Name: John J. Conway  
Title: Vice President

THE SUMITOMO BANK, LIMITED

By: /s/ Suresh S. Tata

Name: Suresh S. Tata  
Title: Senior Vice President

SUNTRUST BANK, NASHVILLE, N.A.

By: /s/ Karen Cole Ahern

Name: Karen Cole Ahern  
Title: G. Vice President

ASAHI BANK, LIMITED, CHICAGO BRANCH

By: /s/ Nobuo Suzuki

Name: Nobuo Suzuki  
Title: General Manager

THE SANWA BANK, LIMITED

By: /s/ Andrew N. Hammond

Name: Andrew N. Hammond  
Title: Vice President-Senior Manager Credit

BANK OF LOUISVILLE AND TRUST COMPANY

By: /s/ Gail W. Pohn

Name: Gail W. Pohn  
Title: Executive Vice President

FIRST AMERICAN NATIONAL BANK

By: /s/ Kent D. Wood

Name: Kent D. Wood  
Title: Assistant Vice President

STAR BANK, N.A.

By: /s/ John R. Bernloehr

Name: John R. Bernloehr  
Title: Vice President

SCHEDULE I

Commitment Amounts and Percentages;  
Lending Offices; Address for Notices

A. Commitment Amounts and Percentages

Name of Bank  
Commitment Amount  
Commitment Percentage

THE CHASE MANHATTAN BANK  
\$368,000,000  
24.53%

BANK OF AMERICA NATIONAL TRUST &  
SAVINGS ASSOCIATION  
\$150,000,000  
10.00%

THE BANK OF NOVA SCOTIA  
\$100,000,000  
6.67%

WACHOVIA BANK, N.A.  
\$100,000,000  
6.67%

MORGAN GUARANTY TRUST COMPANY OF NEW YORK  
\$100,000,000  
6.67%

THE BANK OF TOKYO-MITSUBISHI, LTD.,  
CHICAGO BRANCH  
\$50,000,000  
3.33%

CITIBANK, N.A.  
\$50,000,000  
3.33%

PNC BANK, KENTUCKY, INC.  
\$50,000,000  
3.33%

WELLS FARGO BANK, N.A.  
\$50,000,000  
3.33%

NATIONAL CITY BANK OF KENTUCKY  
\$35,000,000  
2.33%

BANQUE PARIBAS  
\$30,000,000  
2.00%

FIRSTSTAR BANK MILWAUKEE, N.A.  
\$30,000,000  
2.00%

BANCA MONTE DEI PASCHI DI SIENA, SPA  
\$25,000,000  
1.67%

BANCA NAZIONALE DEL LAVORO S.P.A.  
\$25,000,000  
1.67%

BANK ONE, KENTUCKY, NA  
\$25,000,000  
1.67%

THE BANK OF NEW YORK  
\$25,000,000  
1.67%

BARNETT BANK, N.A.  
\$25,000,000  
1.67%

CORESTATES BANK, N.A.  
\$25,000,000  
1.67%

FIFTH THIRD BANK OF KENTUCKY  
\$25,000,000  
1.67%

THE FIRST NATIONAL BANK OF CHICAGO  
\$25,000,000  
1.67%

KEYBANK NATIONAL ASSOCIATION  
\$25,000,000  
1.67%

THE NORTHERN TRUST COMPANY  
\$25,000,000  
1.67%

THE SUMITOMO BANK, LIMITED  
\$25,000,000  
1.67%

SUNTRUST BANK, NASHVILLE, N.A.  
\$25,000,000  
1.67%

ASAHI BANK, LIMITED, CHICAGO BRANCH  
\$20,000,000  
1.33%

THE SANWA BANK, LIMITED  
\$20,000,000  
1.33%

BANK OF LOUISVILLE AND TRUST COMPANY  
\$17,000,000  
1.11%

FIRST AMERICAN NATIONAL BANK  
\$15,000,000  
1.00%

STAR BANK, N.A.  
\$15,000,000  
1.00%

TOTAL  
\$1,500,000,000  
100.00%

B. LENDING OFFICES; ADDRESSES FOR NOTICES

THE CHASE MANHATTAN BANK

Domestic Lending Office      The Chase Manhattan Bank  
270 Park Avenue  
New York, NY 10017

Eurodollar Lending Office      The Chase Manhattan Bank  
270 Park Avenue  
New York, NY 10017

Address for Notices      The Chase Manhattan Bank  
270 Park Avenue  
New York, NY 10017  
Attention: Dawn Lee Lum  
Telecopy: (212) 270-3279

BANK OF AMERICA NATIONAL TRUST  
& SAVINGS ASSOCIATION

Domestic Lending Office      Bank of America National Trust  
& Savings Association  
1850 Gateway Blvd.  
Concord, CA 94520

Eurodollar Lending Office      Bank of America National Trust  
& Savings Association  
Account Administration #5693  
1850 Gateway Blvd.  
Concord, CA 94520

Address for Notices      Bank of America National Trust  
& Savings Association  
1850 Gateway Blvd.  
Concord, CA 94520  
Attention: Kelsey Robinson  
Telecopy: (415) 675-7531

THE BANK OF NOVA SCOTIA

Domestic Lending Office      The Bank of Nova Scotia  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, GA 30308

Eurodollar Lending Office      The Bank of Nova Scotia  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, GA 30308

Address for Notices      The Bank of Nova Scotia  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, GA 30308  
Attention: Dorothy Legista  
Telecopy: (404) 888-8998

WACHOVIA BANK, N.A.

Domestic Lending Office      Wachovia Bank, N.A.  
191 Peachtree Street N.E.  
Atlanta, GA 30303

Eurodollar Lending Office      Wachovia Bank, N.A.  
191 Peachtree Street N.E.  
Atlanta, GA 30303

Address for Notices      Wachovia Bank, N.A.  
191 Peachtree Street N.E.  
29th Floor



Atlanta, GA 30303  
Attention: John Tibe  
Telecopy: (404) 332-5016

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Domestic Lending Office Morgan Guaranty Trust Company of New York  
60 Wall Street  
New York, NY 10260-0060

Eurodollar Lending Office Morgan Guaranty Trust Company of New York  
Nassau Bahamas Office  
c/o J.P. Morgan Services Inc.  
Euro-Loan Servicing Unit  
500 Stanton Christiana Road  
Newark, DE 19713

Address for Notices Morgan Guaranty Trust Company of New York  
60 Wall Street  
New York, NY 10260-0060  
Attention: Robert Bottamedi  
Telecopy: (212) 648-5018

THE BANK OF TOKYO-MITSUBISHI, LTD., CHICAGO BRANCH

Domestic Lending Office The Bank of Tokyo-Mitsubishi, Ltd.,  
Chicago Branch  
227 W. Monroe St. Suite 2300  
Chicago, IL 60606

Eurodollar Lending Office The Bank of Tokyo-Mitsubishi, Ltd.,  
Chicago Branch  
227 W. Monroe St. Suite 2300  
Chicago, IL 60606

Address for Notices The Bank of Tokyo-Mitsubishi, Ltd.,  
Chicago Branch  
227 W. Monroe St. Suite 2300  
Chicago, IL 60606  
Attention: Christopher D. Jones  
Telecopy: (312) 696-4535

CITIBANK, N.A.

Domestic Lending Office Citibank, N.A.  
399 Park Avenue  
New York, NY 10043

Eurodollar Lending Office Citibank, N.A.  
399 Park Avenue  
New York, NY 10043

Address for Notices Citibank, N.A.  
399 Park Avenue  
New York, NY 10043  
Attention: Margaret Brown  
Telecopy: (212) 793-3053

PNC BANK, KENTUCKY, INC.

Domestic Lending Office PNC Bank, Kentucky, Inc.  
500 West Jefferson  
Louisville, KY 40202

Eurodollar Lending Office PNC Bank, Kentucky, Inc.  
500 West Jefferson  
Louisville, KY 40202

Address for Notices PNC Bank, Kentucky, Inc.  
500 West Jefferson

Louisville, KY 40202  
Attention: Paula K. Fryland  
Telecopy: (502) 581-2302

WELLS FARGO BANK, N.A.

Domestic Lending Office Wells Fargo Bank, N.A.  
707 Wilshire Blvd., 16th Floor  
MAC 2818-165  
Los Angeles, CA 90017

Eurodollar Lending Office Wells Fargo Bank, N.A.  
707 Wilshire Blvd., 16th Floor  
MAC 2818-165  
Los Angeles, CA 90017

Address for Notices Wells Fargo Bank, N.A.  
707 Wilshire Blvd., 16th Floor  
MAC 2818-165  
Los Angeles, CA 90017  
Attention: Frieda Youlios  
Telecopy: (213) 740-1581

and

Wells Fargo Bank, N.A.  
1445 Ross Avenue - 3rd Floor  
MAC 5303-032  
Dallas, TX 75202-2711  
Attention: Ken Taylor  
Telecopy: (214) 740-1581

NATIONAL CITY BANK OF KENTUCKY

Domestic Lending Office National City Bank of Kentucky  
101 South Fifth Street, 8th Floor  
Louisville, KY 40202

Eurodollar Lending Office National City Bank of Kentucky  
101 South Fifth Street, 8th Floor  
Louisville, KY 40202

Address for Notices National City Bank of Kentucky  
101 South Fifth Street, 8th Floor  
Louisville, KY 40202  
Attention: Deroy Scott  
Telecopy: (502) 581-4424

BANQUE PARIBAS

Domestic Lending Office Banque Paribas  
227 West Monroe  
Suite 3300  
Chicago, IL 60606

Eurodollar Lending Office Banque Paribas  
227 West Monroe  
Suite 3300  
Chicago, IL 60606

Address for Notices Banque Paribas  
227 West Monroe  
Suite 3300  
Chicago, IL 60606  
Attention: Credit Administration  
Telecopy: (312) 853-6020

FIRSTAR BANK MILWAUKEE, N.A.

Domestic Lending Office Firstar Bank Milwaukee, N.A.  
U.S. Banking Division

777 East Wisconsin Avenue  
Milwaukee, WI 53202

Eurodollar Lending Office Firststar Bank Milwaukee, N.A.  
U.S. Banking Division  
777 East Wisconsin Avenue  
Milwaukee, WI 53202

Address for Notices Firststar Bank Milwaukee, N.A.  
U.S. Banking Division  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Attention: Sandra J. Hartay  
Telecopy: (414) 765-5367

BANCA MONTE DEI PASCHI DI SIENA, SPA

Domestic Lending Office Banca Monte Dei Paschi di Siena, SpA  
245 Park Avenue, 26th Floor  
New York, NY 10167

Eurodollar Lending Office Banca Monte Dei Paschi di Siena, SpA  
245 Park Avenue, 26th Floor  
New York, NY 10167

Address for Notices Banca Monte Dei Paschi di Siena, SpA  
245 Park Avenue, 26th Floor  
New York, NY 10167  
Attention: Robert Woods  
Telecopy: (212) 557-8039

BANCA NAZIONALE DEL LAVORO S.P.A.

Domestic Lending Office Banca Nazionale Del Lavoro S.p.A.  
25 West 51st Street  
New York, NY 10019

Eurodollar Lending Office Banca Nazionale Del Lavoro S.p.A.  
25 West 51st Street  
New York, NY 10019

Address for Notices Banca Nazionale Del Lavoro S.p.A.  
25 West 51st Street  
New York, NY 10019  
Attention: Roberto Mancone  
Telecopy: (212) 765-2978

BANK ONE, KENTUCKY, NA

Domestic Lending Office Bank One, Kentucky, NA  
Corporate Banking  
416 West Jefferson Street  
Louisville, KY 40202

Eurodollar Lending Office Bank One, Kentucky, NA  
Grand Cayman Island Branch  
416 West Jefferson Street  
Louisville, KY 40202

Address for Notices Bank One, Kentucky, NA  
416 West Jefferson Street  
KY1-2216  
Louisville, KY 40202  
Attention: Todd D. Munson  
Telecopy: (502) 566-8339

THE BANK OF NEW YORK

Domestic Lending Office The Bank of New York  
One Wall Street, 22nd Floor  
New York, NY 10286

Eurodollar Lending Office      The Bank of New York  
One Wall Street, 22nd Floor  
New York, NY 10286

Address for Notices              The Bank of New York  
One Wall Street, 22nd Floor  
New York, NY 10286  
Attention: Susan Barratta/Janeth Lopez  
Telecopy: (212) 635-6397

BARNETT BANK, N.A.

Domestic Lending Office        Barnett Bank, N.A.  
50 North Laura Street  
17th Floor/MC#099-000-1768  
Jacksonville, FL 32202

Eurodollar Lending Office      Barnett Bank, N.A.  
50 North Laura Street  
17th Floor/MC#099-000-1768  
Jacksonville, FL 32202

Address for Notices              Barnett Bank, N.A.  
50 North Laura Street  
17th Floor/MC#099-000-1768  
Jacksonville, FL 32202  
Attention: E. Bradley Jones  
Telecopy: (904) 791-7063

CORESTATES BANK, N.A.

Domestic Lending Office        Corestates Bank, N.A.  
1339 Chestnut Street  
FC 1-8-3-22  
Philadelphia, PA 19101

Eurodollar Lending Office      Corestates Bank, N.A.  
1339 Chestnut Street  
FC 1-8-3-22  
Philadelphia, PA 19101

Address for Notices              Corestates Bank, N.A.  
1339 Chestnut Street  
FC 1-8-3-22  
Philadelphia, PA 19101  
Attention: Elizabeth D. Morris  
Telecopy: (215) 973-2738

FIFTH THIRD BANK OF KENTUCKY

Domestic Lending Office        Fifth Third Bank of Kentucky  
401 South Fourth Avenue  
Louisville, KY 40202

Eurodollar Lending Office      Fifth Third Bank of Kentucky  
401 South Fourth Avenue  
Louisville, KY 40202

Address for Notices              Fifth Third Bank of Kentucky  
401 South Fourth Avenue  
Louisville, KY 40202  
Attention: Judy Semaria  
Telecopy: (502) 562-5540

THE FIRST NATIONAL BANK OF CHICAGO

Domestic Lending Office        The First National Bank of Chicago  
1 First National Plaza

Suite 0091  
Chicago, IL 60670-0091

Eurodollar Lending Office      The First National Bank of Chicago  
1 First National Plaza  
Suite 0091  
Chicago, IL 60670-0091

Address for Notices            The First National Bank of Chicago  
1 First National Plaza  
Chicago, IL 60670-0091  
Attention: Public Banking Department  
Telecopy: (312) 732-2016

KEYBANK NATIONAL ASSOCIATION

Domestic Lending Office        Key Bank National Association  
127 Public Square  
Cleveland, OH 44114-1306

Eurodollar Lending Office      Key Bank National Association  
127 Public Square  
Cleveland, OH 44114-1306

Address for Notices            Key Bank National Association  
127 Public Square  
Mailcode: OH-01-27-0606  
Cleveland, OH 44114-1306  
Attention: Kathy Koenig  
Telecopy: (216) 689-4981

THE NORTHERN TRUST COMPANY

Domestic Lending Office        The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60675

Eurodollar Lending Office      The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60675

Address for Notices            The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60675  
Attention: Nicole Kidder  
Telecopy: (312) 444-5055

THE SUMITOMO BANK, LIMITED

Domestic Lending Office        The Sumitomo Bank, Limited  
277 Park Avenue  
New York, NY 10172

Eurodollar Lending Office      The Sumitomo Bank, Limited  
277 Park Avenue  
New York, NY 10172

Address for Notices            The Sumitomo Bank, Limited  
277 Park Avenue  
New York, NY 10172  
Attention: Rob Bocchicchio  
Telecopy: (212) 224-5197

SUNTRUST BANK, NASHVILLE, N.A.

Domestic Lending Office        Suntrust Bank, Nashville, N.A.  
2nd Floor, Main Office  
201 4th Avenue North  
Nashville, TN 37219

Eurodollar Lending Office      Suntrust Bank, Nashville, N.A.  
2nd Floor, Main Office  
201 4th Avenue North

Nashville, TN 37219

Address for Notices Suntrust Bank, Nashville, N.A.  
2nd Floor, Main Office  
201 4th Avenue North  
Nashville, TN 37219  
Attention: Karen Cole Ahern  
Telecopy: (615) 748-5161

ASAHI BANK, LIMITED, CHICAGO BRANCH

Domestic Lending Office Asahi Bank, Limited, Chicago Branch  
190 South LaSalle Street  
Suite 2350  
Chicago, IL 60603

Eurodollar Lending Office Asahi Bank, Limited, Chicago Branch  
190 South LaSalle Street  
Suite 2350  
Chicago, IL 60603

Address for Notices Asahi Bank, Limited, Chicago Branch  
190 South LaSalle Street  
Suite 2350  
Chicago, IL 60603  
Attention: Bridget Barnes  
Telecopy: (312) 606-1010

THE SANWA BANK, LIMITED

Domestic Lending Office The Sanwa Bank, Limited  
4950 Georgia-Pacific Center  
133 Peachtree Street, N.E.  
Suite 4950  
Atlanta, GA 30303

Eurodollar Lending Office The Sanwa Bank, Limited  
4950 Georgia-Pacific Center  
133 Peachtree Street, N.E.  
Suite 4950  
Atlanta, GA 30303

Address for Notices The Sanwa Bank, Limited  
4950 Georgia-Pacific Center  
133 Peachtree Street, N.E.  
Suite 4950  
Atlanta, GA 30303  
Attention: Raymond F. Hamilton  
Telecopy: (404) 589-1629

BANK OF LOUISVILLE AND TRUST COMPANY

Domestic Lending Office Bank of Louisville and Trust Company  
500 West Broadway  
Louisville, KY 40202

Eurodollar Lending Office Bank of Louisville and Trust Company  
500 West Broadway  
Louisville, KY 40202

Address for Notices Bank of Louisville and Trust Company  
500 West Broadway  
Louisville, KY 40202  
Attention: Roy L. Johnson, Jr.  
Telecopy: (502) 562-5464

FIRST AMERICAN NATIONAL BANK

Domestic Lending Office First American National Bank  
First American Center  
Nashville, TN 37237-0203

Eurodollar Lending Office      First American National Bank  
First American Center  
Nashville, TN 37237-0203

Address for Notices              First American National Bank  
Commercial Loan Ops/Floor B-2  
First American Center  
Nashville, TN 37237-0203  
Attention: Frenisa Joy  
Telecopy: (615) 736-6747

STAR BANK, N.A.

Domestic Lending Office        Star Bank, N.A.  
425 Walnut Street  
Mail Location 8160  
Cincinnati, OH 45201-1038

Eurodollar Lending Office      Star Bank, N.A.  
425 Walnut Street  
Mail Location 8160  
Cincinnati, OH 45201-1038

Address for Notices              Star Bank, N.A.  
425 Walnut Street  
Mail Location 8160  
Cincinnati, OH 45201-1038  
Attention: John R. Bernloehr  
Telecopy: (513) 632-2068

SCHEDULE II

Applicable Margins

REVOLVING CREDIT LOANS

Consolidated Capitalization  
Ratio

Alternate Base  
Rate Loans

Eurodollar Loans

less than .20

.000%

.1200%

at least .20 but less than .30  
.000%  
.1300%

at least .30 but less than .35  
.000%  
.1600%

at least .35 but less than .40  
.000%  
.2000%

at least .40  
.000%  
.3000%