
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended November 30, 2003

OR

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

For the transition period from _____ to _____.

Commission file number 001-16111



GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

Four Corporate Square, Atlanta, Georgia
(Address of principal executive offices)

58-2567903
(I.R.S. Employer
Identification No.)

30329-2009
(Zip Code)

Registrant's telephone number, including area code: 404-728-2719

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

The number of shares of the issuer's common stock, no par value outstanding as of January 6, 2004 was 37,688,014.

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended November 30, 2003

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I - FINANCIAL INFORMATION</u>	
ITEM 1.	<u>FINANCIAL STATEMENTS</u> 3
	Unaudited Consolidated Statements of Income for the three months ended November 30, 2003 and 2002 3
	Unaudited Consolidated Statements of Income for the six months ended November 30, 2003 and 2002 4
	Consolidated Balance Sheets at November 30, 2003 and May 31, 2003 5
	Unaudited Consolidated Statements of Cash Flows for the six months ended November 30, 2003 and 2002 6
	Notes to Unaudited Consolidated Financial Statements 7
ITEM 2.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u> 16
ITEM 3.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u> 21
ITEM 4.	<u>CONTROLS AND PROCEDURES</u> 22
<u>PART II - OTHER INFORMATION</u>	
ITEM 1.	<u>LEGAL PROCEEDINGS</u> 23
ITEM 4.	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u> 23
ITEM 6.	<u>EXHIBITS AND REPORTS ON FORM 8-K</u> 23
	<u>SIGNATURES</u> 25

[Table of Contents](#)

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC.**

(In thousands, except per share data)

	Three Months Ended November 30,	
	2003	2002
Revenues	\$ 148,447	\$ 129,461
Operating expenses:		
Cost of service	67,274	64,395
Sales, general and administrative	51,947	41,311
Restructuring	3,123	—
	122,344	105,706
Operating income	26,103	23,755
Other income (expense):		
Interest and other income	429	243
Interest and other expense	(1,059)	(1,199)
Minority interest in earnings	(1,716)	(1,101)
	(2,346)	(2,057)
Income before income taxes	23,757	21,698
Provision for income taxes	8,885	8,116
Net income	\$ 14,872	\$ 13,582
Basic earnings per share	\$ 0.40	\$ 0.37
Diluted earnings per share	\$ 0.38	\$ 0.36

See Notes to Unaudited Consolidated Financial Statements.

[Table of Contents](#)

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC.

(In thousands, except per share data)

	Six Months Ended November 30,	
	2003	2002
Revenues	\$ 284,911	\$ 257,189
Operating expenses:		
Cost of service	129,436	131,281
Sales, general and administrative	97,488	76,836
Restructuring	4,703	—
	<u>231,627</u>	<u>208,117</u>
Operating income	53,284	49,072
Other income (expense):		
Interest and other income	753	513
Interest and other expense	(1,635)	(2,207)
Minority interest in earnings	(3,366)	(2,337)
	<u>(4,248)</u>	<u>(4,031)</u>
Income before income taxes	49,036	45,041
Provision for income taxes	18,339	16,846
Net income	<u>\$ 30,697</u>	<u>\$ 28,195</u>
Basic earnings per share	<u>\$ 0.82</u>	<u>\$ 0.76</u>
Diluted earnings per share	<u>\$ 0.80</u>	<u>\$ 0.75</u>

See Notes to Unaudited Consolidated Financial Statements.

[Table of Contents](#)**CONSOLIDATED BALANCE SHEETS**
GLOBAL PAYMENTS INC.

(In thousands, except share data)

	November 30, 2003	May 31, 2003
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 79,753	\$ 38,010
Accounts receivable, net of allowance for doubtful accounts of \$710 and \$733, respectively	45,386	44,929
Claims receivable, net of allowance for losses of \$4,098 and \$3,193, respectively	651	608
Settlement processing receivable, net	—	34,170
Inventory	1,380	1,348
Deferred income taxes	4,735	5,096
Prepaid expenses and other current assets	11,666	4,042
	<hr/>	<hr/>
Total current assets	143,571	128,203
	<hr/>	<hr/>
Property and equipment, net	62,681	51,785
Goodwill, net	310,247	161,216
Other intangible assets, net	182,215	137,898
Other	12,724	5,132
	<hr/>	<hr/>
Total assets	\$ 711,438	\$ 484,234
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	114,229	—
Settlement processing payable, net	32,210	—
Obligations under capital leases	1,132	1,456
Accounts payable and accrued liabilities	72,135	58,781
Income taxes payable	6,720	2,624
	<hr/>	<hr/>
Total current liabilities	226,426	62,861
	<hr/>	<hr/>
Obligations under capital leases, net of current portion	2,671	3,251
Deferred income taxes	40,732	19,344
Other long-term liabilities	9,433	9,111
	<hr/>	<hr/>
Total liabilities	279,262	94,567
	<hr/>	<hr/>
Commitments and contingencies (See Note 5)		
Minority interest in equity of subsidiaries	22,316	23,241
Shareholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 37,650,927 and 37,132,054 shares issued and outstanding at November 30, 2003 and May 31, 2003, respectively	—	—
Paid-in capital	301,462	286,786
Retained earnings	95,286	67,582
Deferred compensation	(5,025)	(965)
Accumulated other comprehensive loss	18,137	13,023
	<hr/>	<hr/>
Total shareholders' equity	409,860	366,426
	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$ 711,438	\$ 484,234
	<hr/>	<hr/>

See Notes to Unaudited Consolidated Financial Statements.

[Table of Contents](#)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
GLOBAL PAYMENTS INC.

(In thousands)

	Six Months Ended November 30,	
	2003	2002
Cash flows from operating activities:		
Net income	\$ 30,697	\$ 28,195
Adjustments to reconcile net income to net cash provided by operating activities:		
Restructuring	387	—
Depreciation and amortization	9,653	10,106
Amortization of acquired intangibles	5,868	5,766
Provision for operating losses and bad debts	2,909	4,849
Minority interest in earnings	3,366	2,337
Other, net	910	951
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable, net	267	1,375
Settlement processing, net	311	(12,779)
Inventory	85	313
Prepaid expenses and other assets	(9,896)	(1,943)
Accounts payable and accrued liabilities	6,946	7,772
Income taxes payable	3,472	7,083
Net cash provided by operating activities	<u>54,975</u>	<u>54,025</u>
Cash flows from investing activities:		
Capital expenditures	(9,668)	(9,809)
Business development, net of acquired cash	(61,460)	(968)
Net cash used in investing activities	<u>(71,128)</u>	<u>(10,777)</u>
Cash flows from financing activities:		
Net payments on line of credit	—	(22,000)
Net borrowings on line of credit restricted for merchant funding	61,203	—
Principal payments under capital lease arrangements	(904)	(1,326)
Stock issued under employee stock plans	2,179	2,250
Dividends paid	(2,993)	(2,952)
Distributions to minority interests	(4,291)	(3,376)
Net cash provided by (used in) financing activities	<u>55,194</u>	<u>(27,404)</u>
Effect of exchange rate changes on cash	2,702	(58)
Increase in cash and cash equivalents	41,743	15,786
Cash and cash equivalents, beginning of period	38,010	19,194
Cash and cash equivalents, end of period	<u>\$ 79,753</u>	<u>\$ 34,980</u>

See Notes to Unaudited Consolidated Financial Statements.

**NOTES TO UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
NOVEMBER 30, 2003**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business, Consolidation and Presentation—Global Payments Inc. (“Global Payments” or the “Company”) is an integrated provider of high volume electronic transaction processing and value-added end-to-end information services and systems to merchants, multinational corporations, financial institutions, and government agencies. The Company also provides consumer-to-consumer electronic money transfer services through its recent acquisition of Latin America Money Services and its primary operating subsidiary, DolEx Dollar Express, Inc., as further described in Note 3. These services are marketed to customers within the merchant services and the money transfer businesses through various sales channels.

The unaudited consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. These financial statements have been prepared on the historical cost basis in accordance with accounting principles generally accepted in the United States, and present the Company’s financial position, results of operations, and cash flows. Intercompany transactions have been eliminated in consolidation.

The Company has prepared the unaudited consolidated financial statements included herein, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate and the information presented is not misleading. It is suggested that these financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Form 10-K for the fiscal year ended May 31, 2003. In the opinion of management, the information furnished reflects adjustments of a normal and recurring nature and includes those adjustments necessary for a fair presentation of the financial information for the interim periods reported.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue—Card information and transaction processing services revenue are primarily based on a percentage of transaction value or on a specified amount per transaction. This revenue is recognized as such services are performed. Revenue for processing services provided directly to merchants is recorded net of interchange fees charged by credit card associations, which are not controlled by the Company.

Check guarantee services include the process of electronically verifying the check being presented to the Company’s merchant customer through an extensive database. The Company generally guarantees the face value of the verified and guaranteed check to the merchant customer. If a verified and guaranteed check is dishonored, the Company reimburses the merchant for the check’s guaranteed value and pursues collection from the delinquent checkwriter. The Company has the right to collect the full amount of the check from the checkwriter but has historically recovered approximately 50% to 55% of the guaranteed, dishonored checks’ face value. The Company establishes a claims receivable from the delinquent checkwriter for the full amount of the guaranteed check and a valuation allowance for this activity based on historical and projected loss experience. See *Reserve for Operating Losses* below.

Revenue for the check guarantee offering is primarily derived from a percentage of the face value of each guaranteed check. The Company recognizes revenue upon satisfaction of its guarantee obligation to the merchant customer. The check guarantee offering also earns revenue based on fees collected from delinquent checkwriters which is recognized when collected, as collectibility is not reasonably assured until that point.

Table of Contents

Check verification services are similar to the services provided in the check guarantee offering, except the Company does not guarantee the verified checks. Revenue for this offering is primarily derived from fees collected from delinquent checkwriters and is recognized when collected, as collectibility is not reasonably assured until that point. This offering also earns revenue based on a fixed amount each merchant pays for each check that is verified. This revenue is recognized when the transaction is processed, since the Company has no further obligations associated with the transaction.

Terminal management products and services consist of electronic transaction processing terminal sales and rentals, terminal set-up, telephone training and technical support. Revenue associated with the terminal sale, set-up and telephone training is considered a single earnings process and is recognized when the set-up and telephone training is completed, and the merchant customer can begin processing transactions. Terminal rental revenues are recognized when the service is provided. Revenue associated with technical support is considered an independent earnings process and is recognized based on either a maintenance agreement, which is recognized on a straight-line basis over the maintenance contract term, or based on time and materials when the support is completed.

Consumer-to-consumer money transfer revenue is earned on fees charged to customers based on the nature and amount of the transaction performed on the customers' behalf and is recognized at the time of sale. The Company also earns consumer-to-consumer money transfer revenue on the difference between the retail exchange rate quoted at the time when the money transfer transaction is requested and the wholesale exchange rate at the time when the currency is purchased. This revenue is recognized when the money transfer transaction is completed or settled.

Settlement processing receivable/payable—The settlement processing receivable/payable results from timing differences in the Company's settlement process for direct merchants and changes in a line of credit that is available only to pay merchants. These timing differences are primarily due to the fluctuations in volume and timing of credit and debit card sales volume funded to merchants and the settlement received from the card associations and debit networks. This balance also reflects amounts payable to beneficiaries through the Company's money transfer offering that have not been claimed at a settlement location as of the balance sheet date.

Reserve for operating losses—The Company processes credit card transactions for direct merchants. The Company's direct merchant customers are liable for any charges properly reversed by a cardholder and for any sales credits issued to a cardholder. In the event, however, that the Company is not able to collect such amount from a merchant due to merchant fraud, insolvency, bankruptcy or any other reason, the Company may be liable for any such reversed charges. The Company requires cash deposits, guarantees, letters of credit and other types of collateral by certain direct merchants to minimize any such contingent liability. The Company also utilizes a number of systems and procedures to manage merchant risk.

The Company recognizes revenue for its direct merchants primarily based on a percentage of the gross amount charged but has a potential liability for the full amount of the charge. The Company establishes valuation allowances for operational losses based primarily on historical experience and specific identification of known exposures. Economic downturns or increases in merchant fraud may result in significant increases in credit related losses. As of November 30, 2003 and May 31, 2003, \$6.4 million and \$5.4 million, respectively, were reserved for losses associated with the Company's direct merchant card processing operations. The expense associated with the valuation allowance is included in cost of service in the accompanying unaudited consolidated statements of income.

The Company also has a check guarantee business. Similar to the credit card business, the Company charges its merchants a percentage of the gross amount of the check and guarantees payment of the check to the merchant in the event the check is not honored by the checkwriter's bank. The Company has the right to collect the full amount of the check from the checkwriter but has not historically recovered 100% of the guaranteed checks. The Company establishes a valuation allowance for this activity based on historical and volume-based projected loss experiences. As of November 30, 2003 and May 31, 2003, the Company had a check guarantee reserve of \$4.1 million and \$3.2 million, respectively. The expense associated with the valuation allowance is included in cost of service in the accompanying unaudited consolidated statements of income. The estimated check returns and recovery amounts are subject to the risk that actual amounts returned and recovered in the future may differ significantly from estimates used in calculating the valuation allowance.

Table of Contents

Goodwill and Other Intangibles Assets—On July 20, 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, “*Business Combinations*” (“SFAS No. 141”) and No. 142, “*Goodwill and Other Intangible Assets*” (“SFAS No. 142”). SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method. SFAS No. 142 eliminates the amortization of goodwill and certain other intangible assets and requires that goodwill be evaluated for impairment at least annually by applying a fair value-based test. Global Payments adopted SFAS No. 142 in the first quarter of fiscal 2002. In accordance with this standard, the Company discontinued the amortization of goodwill and certain intangible assets that were determined to have an indefinite life.

Global Payments completed the testing for impairment of goodwill as of June 1, 2002 using the present value of expected future cash flows and determined that the fair value of the reporting unit exceeded the carrying amount of the net assets, including goodwill of the reporting unit. The Company completed its annual goodwill impairment review as of June 1, 2003 and determined that no impairment charge to goodwill was required.

Other intangible assets primarily represent customer lists, merchant contracts and a trademark associated with acquisitions. Customer lists and merchant contracts are amortized using the straight-line method over their estimated useful lives of 10 to 30 years. The useful lives for customer lists/merchant contracts are determined based primarily on information concerning start/stop dates and yearly attrition. The trademark has been determined to have an indefinite life and has not been amortized. The Company evaluated the remaining useful lives for other intangible assets as of June 1, 2003 and determined them to be appropriate.

Segment disclosure—The Company adopted Statement of Financial Accounting Standards No. 131, “*Disclosure About Segments of an Enterprise and Related Information*” (“SFAS No. 131”). The Company’s chief operating decision making group currently operates one reportable segment—electronic transaction processing—therefore the majority of the disclosures required by SFAS No. 131 do not apply to the Company. The Company’s measure of segment profit is operating income. The Company’s results of operations and its financial condition are not significantly reliant upon any single customer.

During the second quarter of fiscal 2004, the Company completed an acquisition, as described further in Note 3. Concurrent with this acquisition, the Company changed the name of its “funds transfer” service offerings to “money transfer.” The Company’s service offering revenues from external customers are as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2003	2002	2003	2002
	(in thousands)			
Merchant services	\$ 141,611	\$ 126,466	\$ 275,164	\$ 251,068
Money transfer	6,836	2,995	9,747	6,121
	<u>\$ 148,447</u>	<u>\$ 129,461</u>	<u>\$ 284,911</u>	<u>\$ 257,189</u>

Earnings per share—Basic earnings per share is computed by dividing reported earnings available to common shareholders by weighted average shares outstanding during the period. Earnings available to common shareholders is the same as net income reported for all periods presented.

Diluted earnings per share is computed by dividing reported earnings available to common shareholders by weighted average shares outstanding during the period including the impact of securities that, if exercised, would have a dilutive effect on earnings per share. All options with an exercise price less than the average market share price for the period are generally assumed to have a dilutive effect on earning per share.

Table of Contents

The following tables set forth the computation of basic and diluted earnings per share for the three and six months ended November 30, 2003 and 2002:

	Three Months Ended November 30,					
	2003			2002		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share data)					
Basic EPS:						
Net income available to common shareholders	\$ 14,872	37,466	\$ 0.40	\$ 13,582	36,912	\$ 0.37
Dilutive effect of stock options	—	1,395	(0.02)	—	727	(0.01)
Diluted EPS:						
Net income available to common shareholders	\$ 14,872	38,861	\$ 0.38	\$ 13,582	37,639	\$ 0.36
	Six Months Ended November 30,					
	2003			2002		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share data)					
Basic EPS:						
Net income available to common shareholders	\$ 30,697	37,304	\$ 0.82	\$ 28,195	36,875	\$ 0.76
Dilutive effect of stock options	—	1,281	(0.02)	—	832	(0.01)
Diluted EPS:						
Net income available to common shareholders	\$ 30,697	38,585	\$ 0.80	\$ 28,195	37,707	\$ 0.75

The dilutive share base for the three months ended November 30, 2002 excludes incremental shares of 0.9 million related to employee stock options. For the six months ended November 30, 2003 and 2002, the dilutive share base excludes incremental shares related to employee stock options of 0.3 million and 0.8 million, respectively. These shares were excluded due to their anti-dilutive effect as a result of their option exercise prices being greater than the market price of the common shares. No additional securities were outstanding that could potentially dilute basic earnings per share that were not included in the computation of diluted earnings per share.

Effective March 1, 2003, Global Payments adopted Statements of Financial Accounting Standard No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure" ("SFAS No. 148"). SFAS No. 148 addresses alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of Statements of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

At November 30, 2003, the Company has three stock-based compensation plans. These include the Global Payments Inc. Amended and Restated 2000 Long-Term Incentive Plan ("2000 Plan"), the 2000 Non-Employee Director Stock Option Plan and the 2000 Employee Stock Purchase Plan.

The Company accounts for options issued as stock-based compensation under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. For options issued as stock-based compensation, no cost is reflected in net income, as all options granted under the plans have an exercise price equal to the market value of the underlying common stock on the date of grant. Performance shares granted as restricted stock under the 2000 Plan are recorded as deferred compensation, a reduction of shareholders' equity, based on the quoted fair market value of the Company's common stock at the award date. Compensation expense on restricted stock is recognized ratably during the vesting period of the award. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to all stock-based employee compensation.

Table of Contents

	Three Months Ended November 30,		Six Months Ended November 30,	
	2003	2002	2003	2002
	(in thousands, except for share data)			
Net income:				
As reported	\$ 14,872	\$ 13,582	\$ 30,697	\$ 28,195
Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(1,005)	(848)	(1,859)	(1,718)
Pro forma net income	\$ 13,867	\$ 12,734	\$ 28,838	\$ 26,477
Basic earnings per share				
As reported	\$ 0.40	\$ 0.37	\$ 0.82	\$ 0.76
Pro forma	\$ 0.37	\$ 0.35	\$ 0.77	\$ 0.72
Diluted earnings per share:				
As reported	\$ 0.38	\$ 0.36	\$ 0.80	\$ 0.75
Pro forma	\$ 0.36	\$ 0.34	\$ 0.75	\$ 0.71

NOTE 2—COMPREHENSIVE INCOME

The components of comprehensive income for the three and six months ended November 30, 2003 and 2002 are as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2003	2002	2003	2002
	(in thousands)			
Net income	\$ 14,872	\$ 13,582	\$ 30,697	\$ 28,195
Foreign currency translation	3,903	57	3,201	(39)
Total comprehensive income	\$ 18,775	\$ 13,639	\$ 33,898	\$ 28,156

NOTE 3—BUSINESS ACQUISITION

On November 12, 2003, Global Payments completed the acquisition of Latin America Money Services, LLC (“LAMS”), a Delaware limited liability company which owned a majority of the outstanding equity interests in DolEx Dollar Express, Inc. (“DolEx”), a Texas corporation, and all but one share of the outstanding equity interests in DolEx Envios, S.A. de C.V. (“DolEx Envios”), a Mexican subsidiary of DolEx. The transaction was structured as a merger of GP Ventures (Texas), Inc., a Delaware corporation and wholly-owned subsidiary of Global Payments, into LAMS, with LAMS remaining as the surviving entity in the merger. Global Payments also acquired the remaining equity interests in DolEx that were not already owned by LAMS.

As a result of the transaction, LAMS, a holding company, is a wholly-owned subsidiary of Global Payments. DolEx, the operating company, is a wholly-owned subsidiary of LAMS and DolEx Envios is a majority-owned subsidiary of DolEx because one share of DolEx Envios is owned by GP Finance, Inc., a wholly-owned subsidiary of Global Payments. The Company frequently refers to this transaction as the DolEx acquisition, since DolEx is the primary operating company within the LAMS group.

Under the terms of the merger and related agreements, the Company gave consideration of \$192 million for LAMS, DolEx and DolEx Envios through a combination of \$61 million in cash, net of cash acquired of \$9 million, the issuance of \$114 million in promissory notes payable to the order of the sellers, and the issuance of common stock with an approximate fair value of \$8 million. As of November 30, 2003, Global Payments had \$114 million outstanding in notes payable relating to this transaction. On December 1, 2003, the Company repaid these notes in full using its new credit facility (See Note 5).

The Company may be required to make further contingent payments for the DolEx acquisition primarily based on DolEx attaining certain performance levels for calendar year 2003.

Table of Contents

The acquisition has been recorded using the purchase method of accounting, and accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair value as of the date of the acquisition. The operating results are included in the Company's Unaudited Consolidated Statements of Income from the date of the acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. As a result of the outstanding contingent payment, final purchase price adjustments pursuant the merger agreement and the Company's review of supporting details for certain opening balance sheet items, the allocation of the purchase price is subject to refinement.

	LAMS Merger
	(in thousands)
Current assets	\$ 13,637
Other long-term assets	1,988
Property and equipment, net	12,241
Customer base	4,749
Trademark	42,944
Goodwill	146,320
Total assets acquired	221,879
Current liabilities	(9,406)
Long-term liabilities	(19,591)
Net assets acquired	\$ 192,882

The customer base intangible asset was determined to have a useful life of three years. The trademark and goodwill are not subject to amortization and none of the amount assigned to goodwill is deductible for tax purposes.

The Company has not included interim pro forma information in these financial statements due the timing of the close of the acquisition and the lack of available information. The Company will include the interim pro forma information with the financial statements for the period ended February 29, 2004.

NOTE 4—RESTRUCTURING

Fiscal 2003 Restructuring Activities

During the fourth quarter of fiscal 2003, the Company, consistent with its strategy to leverage infrastructure and consolidate operations, committed to a plan to close three locations and consolidate these and other functions into existing locations. The plan requires associated management and staff reductions, contract termination and other facility closure costs. The Company started executing the plan in April 2003 and expects to be completed by the fourth quarter of fiscal 2004. The Company incurred restructuring charges associated with these activities in the fourth quarter of fiscal 2003 and the first and second quarters of fiscal 2004 as follows:

	Total Expected Charge	Charges Incurred in Prior Periods	Charges Incurred in Second Quarter Fiscal 2004	Cumulative Charges Incurred as of November 30, 2003
			(in thousands)	
One-time employee termination benefits	\$ 4,400	\$ 3,193	\$ 738	\$ 3,931
Contract termination costs	3,200	40	2,491	2,531
Other associated costs	600	4	420	424
Subtotal	\$ 8,200	\$ 3,237	3,649	\$ 6,886
Reversal pertaining to the 2002 restructuring activities (see below)			(526)	
Total			\$ 3,123	

The charges incurred for the three and six months ended November 30, 2003 are reflected in the accompanying Unaudited Consolidated Statement of Income under the caption "Restructuring."

Table of Contents

As of November 30, 2003, \$4.8 million of the fiscal 2003 restructuring activities remains accrued as a current liability. The following is a reconciliation of the accrual associated with these activities.

	Liability Balance as of May 31, 2003	Costs Incurred During Fiscal 2004	Costs Paid During Fiscal 2004	Liability Balance as of November 30, 2003
			(in thousands)	
One-time employee termination benefits	\$ 1,657	\$ 2,274	\$ 1,609	\$ 2,322
Contract termination costs	—	2,531	96	2,435
Other associated costs	—	424	424	—
Total	\$ 1,657	\$ 5,229	\$ 2,129	\$ 4,757

Fiscal 2002 Restructuring Activities

During the fourth quarter of fiscal 2002 the Company completed plans for the closing of four locations including associated management and staff reductions. Total charges of approximately \$11.0 million for the year ended May 31, 2002 were categorized as follows:

	Total	Cash	Non-cash
		(in thousands)	
Closed or planned closings of facilities	\$ 1,512	\$ 910	\$ 602
Severance and related costs	6,715	5,884	831
Other costs	2,766	—	2,766
Totals	\$ 10,993	\$ 6,794	\$ 4,199

The charges related to facilities representing locations that were either already closed or had management approved plans to be closed within twelve months of incurring the charges. These charges included future minimum lease and operating payments, commencing on the planned exit timing, for all noncancelable leases under remaining terms of the locations identified, net of current and estimated future sublease income. The charges also included facility exit costs and an estimate of the net book value of leasehold improvements and furniture and fixtures that will not be realizable when the facilities are vacated. Normal lease payments, operating costs and depreciation continued to be charged to operating expenses prior to actually vacating the specific facilities.

The severance and related costs arose from the Company's actions to reduce personnel in areas of redundant operations and activities. These operations related to the facility consolidation and integration of acquisitions. The charges reflect specifically identified employees whose employment will be terminated and were informed by the time the charges were incurred. The non-cash costs associated with the severance and related costs reflected compensation expense due to the acceleration of the vesting of certain stock options for those employees that were terminated and had options outstanding.

The other costs incurred in the year ended May 31, 2002 related to the book value of certain current assets that were deemed to be unrecoverable after the purchase of MasterCard's remaining minority interest in Global Payment Systems, LLC.

Table of Contents

The cash items were accrued at the time the charges were incurred. The reversals during the three months ended November 30, 2003 were due to changes in estimates described above. As of November 30, 2003, \$0.7 million of the cash portion of the restructuring charges from fiscal 2002 remains accrued as a current liability in the accrued liabilities section of the balance sheets as follows:

	Original Total	Payments to Date	Reversals	Remaining Liability
			(in thousands)	
Closed or planned closings of facilities	\$ 910	\$ 638	\$ (270)	\$ 2
Severance and related costs	5,884	4,918	(256)	710
Totals	\$ 6,794	\$ 5,556	\$ (526)	\$ 712

NOTE 5—COMMITMENTS AND CONTINGENCIES

On November 25, 2003, the Company entered into a three-year, \$350 million revolving credit facility agreement with a syndicate of U.S. banks. The credit agreement contains certain financial and non-financial covenants and events of default customary for financings of this nature. The facility expires in November 2006 and has a variable interest rate based on a market short-term floating rate plus a margin that varies according to our leverage position.

In addition, the facility size can be expanded to \$500 million by requesting additional commitments from existing or new lenders. This agreement replaces the Company's prior credit facilities with U.S. banks, which had an aggregate capacity of \$150 million. As of November 30, 2003 and May 31, 2003, there were no amounts outstanding on our U.S. credit facilities. On December 1, 2003, the Company borrowed from the new U.S. credit facility in order to pay off the \$114 million note payable relating to the DoEx acquisition.

The Company currently processes card transactions for Air Canada, the single largest airline in Canada, which according to its Revised Renewal Annual Information Form, dated May 15, 2003, held approximately 60% of the Canadian domestic market share and approximately 43% of the Canadian transborder market share during the first quarter of 2003. The Company's revenue from this relationship represents less than 1% of its consolidated revenue. On April 1, 2003, Air Canada filed for and obtained protection from the court under the Companies' Creditors Arrangement Act, which generally allows a company to reorganize while it continues normal operations with the assistance of a court-appointed Monitor. The court order provides for a general stay that precludes its creditors and others from taking any action against Air Canada. The purpose of the stay is to provide Air Canada with relief designed to stabilize operations and business relationships with customers, vendors, employees and creditors. The court order also provides that Air Canada shall honor all airline tickets in the usual and ordinary course of business.

In the event that Air Canada's restructuring is not successful and it is liquidated, there will likely be limited assets available from which to pay creditor claims. If the restructuring is not successful and any of Air Canada's liability for deferred ticket sales is unfunded and such charges are properly reversed by VISA and MasterCard cardholders, the Company may be liable for such reversed charges under the chargeback rules of these card associations. The Company maintains a reserve for such reversed charges, but has not made any specific adjustment to that allowance as a result of the Air Canada situation, as described under *Reserve for operating losses* in Note 1 in the Notes to Unaudited Consolidated Financial Statements. According to the Seventeenth Report of the Monitor dated December 16, 2003, deferred ticket revenues for Air Canada as of October 31, 2003, representing advance ticket sales collected, were approximately \$510 million (Canadian), or \$388 million (U.S.), based on then existing exchange rates. In conjunction with the acquisition of the merchant acquiring business of CIBC in March 2001, CIBC agreed to reimburse Global Payments by the amount, if any, that Air Canada's VISA chargebacks and credit losses for any 12-month period exceeds twice the level of VISA chargebacks and credit losses experienced during the one-year period ended October 31, 1999. This reimbursement obligation is scheduled to expire on March 20, 2004. According to an affidavit of an Air Canada officer, 80% of Air Canada customers elect to pay using credit cards and, of those credit card users, 29.3% use VISA cards and 8.4% use MasterCard cards. Therefore, based on the information contained in that affidavit, the information contained in Seventeenth Report of the Monitor, and taking into consideration CIBC's reimbursement obligations for Air Canada's VISA chargebacks and credit losses, the Company estimates that its maximum potential chargeback liability exposure relative to Air Canada as of October 31, 2003 is \$34-\$43 million (Canadian), or \$26-\$33 million (U.S.), based on then existing exchange rates. The Company does not expect these amounts to be materially different as of November 30, 2003.

Table of Contents

Management of the Company is continuing to closely monitor Air Canada's restructuring. Based on information currently available, which primarily consists of publicly available information, management believes a material loss is unlikely as long as Air Canada continues to honor all airline tickets in the ordinary course of business.

NOTE 6—SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures for the six months ended November 30, 2003 and 2002 are as follows:

	Six Months Ended November 30,	
	2003	2002
	(in thousands)	
Supplemental cash flow information:		
Income taxes paid, net of refunds	\$ 14,872	\$ 9,643
Interest paid	726	1,175
Supplemental non-cash investing and financing activities:		
Common stock issued in consideration for acquisition (223,289 shares)	7,561	—
Notes payable issued in consideration for acquisition	114,229	—

NOTE 7—SUBSEQUENT EVENT

On December 19, 2003, the Company announced an agreement to acquire 52.6% of the outstanding shares of MUZO, a.s. from Komerční banka, a.s., or KB, for \$34.7 million in cash.

Prior to the execution of the agreement, KB, a key MUZO customer has agreed to extend its payment services contracts for a three-year period. This transaction is subject to customary regulatory approvals and closing conditions and is expected to be completed during the first calendar quarter of 2004. After the closing of this transaction and pursuant to Czech law relating to change of majority share ownership, PGT Capital, s.r.o, a wholly owned indirect subsidiary of the Company, will commence a public tender offer for the remaining shares of MUZO.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For an understanding of the significant factors that influenced our results, the following discussion should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this report. This management's discussion and analysis should also be read in conjunction with the management's discussion and analysis and consolidated financial statements included in our Form 10-K for the fiscal year ended May 31, 2003.

General

We are a leading electronic transaction processor in North America providing a wide range of end-to-end solutions to merchants, corporations, financial institutions and government agencies, and consumer-to-consumer electronic money transfer services. Our products and services are marketed through a variety of distinct sales channels that include a large, dedicated direct sales force, retail outlets, independent sales organizations, or ISOs, independent sales representatives, an internal telesales group, trade associations, alliance bank relationships and financial institutions. We operate in one business segment, electronic transaction processing, and provide products and services through our merchant services and money transfer offerings.

Business Development

On December 19, 2003, we announced our agreement to acquire 52.6% of the outstanding shares of MUZO, a.s. from Komerční banka, a.s., or KB, for \$34.7 million in cash.

MUZO is one of the largest indirect payment processors in the Czech Republic and it processed approximately 62 million ATM transactions and 33 million point of sale, or POS, transactions during calendar 2002. As of June 30, 2003, MUZO had approximately 1,200 ATMs and 19,000 merchant POS terminals connected to its authorization system. Additionally, MUZO had approximately 3.0 million active cards stored in its authorization system database as of June 30, 2003.

Based in Prague, MUZO employs approximately 240 employees and has served as an indirect processor for financial institutions since 1992. MUZO has a comprehensive package of payment services including credit and debit card transaction processing services, sales, installation and management of ATMs and POS devices, and card personalization.

Prior to the execution of the agreement, KB, a key MUZO customer, agreed to extend its payment services contracts for a three-year period. This transaction is subject to customary regulatory approvals and closing conditions and is expected to be completed during the first calendar quarter of 2004. After the closing of this transaction and pursuant to Czech law relating to change of majority share ownership, PGT Capital, s.r.o, a wholly owned indirect subsidiary of the Company, will commence a public tender offer for the remaining shares of MUZO.

On November 12, 2003, we completed the acquisition of Latin America Money Services, LLC, or LAMS, a Delaware limited liability company which owned a majority of the outstanding equity interests in DolEx, a Texas corporation, and all but one share of the outstanding equity interests in DolEx Envios, S.A. de C.V., or DolEx Envios, a Mexican subsidiary of DolEx. We also acquired the remaining equity interests in DolEx that were not already owned by LAMS from the DolEx Class B shareholders. We frequently refer to this transaction as the DolEx acquisition, since DolEx is the primary operating company within the LAMS group.

Founded in 1996, DolEx is a leading provider of consumer-to-consumer electronic money transfer services to the Latino community living in the U.S. and their Latin American beneficiaries abroad. DolEx provides services that allow customers to transfer money electronically through its network of retail branches in the U.S. to beneficiaries in Latin America. The business is based in Arlington, Texas, operates hundreds of branches across the U.S. in areas with large Latino populations, and has settlement arrangements with thousands of banks, exchange houses and retail locations in Latin America.

As there are no significant operational integration activities planned with DolEx, we intend to focus on a growth strategy. To that end, we expect to open approximately 15 to 20 new branches per quarter primarily in our

Table of Contents

under-penetrated existing regions, which would reflect annual location growth in the low teens from our existing base of more than 575 branches. We are also currently applying for money transfer licenses in New York and New Jersey and intend to expand into further states as soon as possible. To complement these internal initiatives, we are also pursuing a number of potential branch acquisition opportunities and are primarily focused on acquiring branches in strategic locations that also have meaningful customer bases. We are also working to expand our settlement reach throughout the Latin American market, which will provide our customers with an expanded network of settlement locations.

Components of Income Statement

We derive our revenues from three primary sources; charges based on volumes and fees for services, charges based on transaction quantity, and equipment sales, leases and service fees. Revenues generated by these areas depend upon a number of factors, such as demand for and price of our services, the technological competitiveness of our product offerings, our reputation for providing timely and reliable service, competition within our industry, and general economic conditions.

Cost of service consists primarily of the cost of operational related personnel, including those who monitor our transaction processing systems and settlement; transaction processing systems, including third-party services such as the costs of settlement channels in consumer-to-consumer money transfer services; network telecommunications capability, depreciation and occupancy costs associated with the facilities performing these functions, and provisions for operating losses.

Sales, general and administrative expenses consist primarily of salaries, wages and related expenses paid to sales personnel, non-revenue producing customer support functions and administrative employees and management, commissions to independent contractors and ISOs, advertising costs, other selling expenses, and occupancy of leased space directly related to these functions.

Other income and expense primarily consists of minority interest in earnings, interest income and expense and other miscellaneous items of income and expense.

Results of Operations

In the second quarter ended November 30, 2003, revenue increased \$19.0 million or 15% to \$148.4 million from \$129.5 million in the prior year's comparable period. In the six months ended November 30, 2003, revenue increased \$27.7 million or 11% to \$284.9 million from \$257.2 million in the prior year's comparable period. This revenue growth is primarily attributed to increases in our direct merchant services offering. Our revenue growth in fiscal 2004 includes an additional \$3.8 million in our money transfer service offering due to the inclusion of the results of the DolEx acquisition completed on November 12, 2003. This revenue growth was partially offset by continued declines in our indirect channel.

We have continued growth in our domestic direct merchant channel by continuing to sign mid-market merchants in various vertical markets to maintain our diversification. The increase in revenue reflects high-teen transaction growth in our domestic direct card merchant and ISO channels. Our domestic average dollar value of transaction, or average ticket, remained stable and we experienced a modest increase in our domestic average net revenue per transaction, or spread, both for the three and six months ended November 30, 2003 compared to the same periods in the prior year.

Our Canadian transactions for the three and six months ended November 30, 2003 grew in the mid-single digits compared to the same periods in the prior year, which we believe is generally consistent with industry growth in this market. Our Canadian transactions have been impacted by the recent removal from our portfolio of certain profit-neutral merchants in the travel industry, such as airlines, due to the relatively higher loss risk attributed to these businesses. Average ticket in Canada declined in the three and six months ended November 30, 2003 compared to the same period in the prior year. The declines in average ticket are primarily due to the recent mix of merchant signings, such as the addition of petroleum and grocery retailers. Compared to the prior year, spread remained relatively unchanged for the three-month and six-month periods ended November 30, 2003. The decline in Canadian revenue was offset by a stronger year-over-year Canadian currency exchange rate.

Table of Contents

Cost of service increased by \$2.9 million or 4% from \$64.4 million in the three months ended November 30, 2002 to \$67.3 million in the three months ended November 30, 2003. As a percentage of revenue, cost of service decreased to 45% in the three months ended November 30, 2003 from 50% in the prior year's comparable period.

Cost of service decreased by \$1.8 million or 1% from \$131.2 million in the six months ended November 30, 2002 to \$129.4 million in the six months ended November 30, 2003. As a percentage of revenue, cost of service decreased to 45% in the six months ended November 30, 2003 from 51% in the prior year's comparable period.

This decrease in cost of service as a percentage of revenue is primarily due to the integration of our acquisitions and other cost reduction initiatives. The increase in the expense during the second quarter of fiscal 2004 is attributable to the DoEx acquisition.

Sales, general and administrative expenses increased \$10.6 million or 26% to \$51.9 million in the three months ended November 30, 2003 from \$41.3 million in the prior year's comparable period. As a percentage of revenue, these expenses increased to 35% for the three months ended November 30, 2003 compared to 32% for the three months ended November 30, 2002.

Sales, general and administrative expenses increased \$20.7 million or 27% to \$97.5 million in the six months ended November 30, 2003 from \$76.8 million in the prior year's comparable period. As a percentage of revenue, these expenses increased to 34% for the six months ended November 30, 2003 compared to 30% for the six months ended November 30, 2002.

The increase in sales, general and administrative expenses and the increase in such expenses as a percentage of revenue is due to growth in commission payments to ISOs as well as ongoing investments made in our direct sales channels and the DoEx acquisition.

During the fourth quarter of fiscal 2003, we announced the closure and consolidation of three operating facilities and their related functions into existing operating centers. We implemented the plan in April 2003 and expect to complete it by the fourth quarter of fiscal 2004. Our facility closure plan includes the following:

- closing our Cleveland merchant settlement function and consolidating it to our Baltimore facility;
- relocating our terminal deployment and related services from our Winston-Salem facility to our Baltimore and St. Louis facilities; and
- relocating our Salt Lake City check operation to our primary check operating facility in Niles, Illinois.

We anticipate total costs and expenses associated with the plan to be approximately \$8 million. One-time employee termination benefits will be approximately \$4 million and the balance relates to contract termination and other related facility closure costs and expenses. The second quarter of fiscal 2004 included net restructuring charges of \$3.1 million. See Note 4 in the "Notes to Unaudited Consolidated Financial Statements" for additional information.

Operating income increased \$2.3 million or 10% to \$26.1 million for the second quarter of fiscal 2004 compared to \$23.8 million for the same period in fiscal 2003. This resulted in an operating margin of 18.3% for the three months ended November 30, 2002 and 17.6% for the three months ended November 30, 2003. This operating income and related margin reflects restructuring charges of \$3.1 million or 2.1% of revenue.

Operating income increased \$4.2 million or 9% to \$53.3 million for the six months ended November 30, 2003 compared to \$49.1 million in the prior year's comparable period. This resulted in an operating margin of 19.1% for the six months ended November 30, 2002 and 18.7% for the six months ended November 30, 2003. This operating income and related margin reflects restructuring charges of \$4.7 million or 1.7% of revenue in the six months ended November 30, 2003.

Table of Contents

The changes in operating income and operating margins are primarily due to the revenue growth factors and benefits from acquisition integration and other cost factors described further above. These improvements are partially offset by the impact of restructuring charges.

Net income increased \$1.3 million or 9% to \$14.9 million in the three months ended November 30, 2003 from \$13.6 million in the prior year's comparable period, resulting in a \$0.02 increase in diluted earnings per share to \$0.38 in the three months ended November 30, 2003 from \$0.36 in the prior year's comparable period. This net income and diluted earnings per share reflects restructuring charges of \$2.0 million, net of tax, or \$0.05 diluted earnings per share, in the three months ended November 30, 2003.

Net income increased \$2.5 million or 9% to \$30.7 million in the six months ended November 30, 2003 from \$28.2 million in the prior year's comparable period, resulting in a \$0.05 increase in diluted earnings per share to \$0.80 in the six months ended November 30, 2003 from \$0.75 in the prior year's comparable period. This net income and diluted earnings per share reflects restructuring charges of \$2.9 million, net of tax, or \$0.07 diluted earnings per share, in the six months ended November 30, 2003.

Liquidity and Capital Resources

Cash flow generated from operations provides us with a significant source of liquidity to meet our needs. At November 30, 2003, we had cash and cash equivalents totaling \$79.8 million. Net cash provided by operating activities increased \$0.9 million, or 2%, to \$55.0 million for the six months ended November 30, 2003 from \$54.0 million for the comparable period in the prior year. The increase in cash flow from operations was due to the increase in net income and the timing of settlement processing, offset by the change in prepaid expenses resulting from our prepayment to a major vendor in exchange for a discount.

Net cash used in investing activities increased \$60.4 million to \$71.1 million for the six months ended November 30, 2003 from \$10.8 million for the comparable period in the prior year due to the cash paid for the DoEx acquisition. On November 12, 2003, we completed our DoEx acquisition at a purchase price of approximately \$192 million, through a combination of \$61 million in cash, net of acquired cash of \$9 million and the issuance of \$114 million in promissory notes payable to the sellers and the issuance of approximately 223,000 shares of our common stock with an approximate fair value of \$8 million. On December 1, 2003, we repaid the notes in full using our U.S. credit facility.

Capital expenditures decreased \$0.2 million from \$9.8 million for the six months November 30, 2002 to \$9.7 million for the comparable period in the current period. In fiscal 2004, we expect approximately \$15 million to \$20 million in total capital spending, primarily related to continue office consolidations, system infrastructure, acquisition of Canadian merchant terminals and product development.

Net cash provided by financing activities increased \$82.6 million to \$55.2 million for the six months ended November 30, 2003 from \$27.4 million net cash used in financing activities for the comparable period in the prior year. This increase was primarily due to our net borrowings on our line of credit restricted for merchant funding on the CIBC credit facility. These borrowings increased primarily due to increased holiday spending and the timing of the quarter-end on a weekend. This reflects the net borrowings required to provide Canadian VISA merchants with same-day value, which is standard industry practice in Canada and is included in our net settlement processing payable line item. In fiscal 2002, we repaid our outstanding balance on our U.S. credit facility of \$22 million.

We believe that our current level of cash and borrowing capacity under our committed lines of credit described below, together with future cash flows from operations, are sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future. As of November 30, 2003, we do not have any material capital commitments, other than commitments under capital and operating leases or planned expansions. We may develop our own hardware and software facilities for the transaction processing, cash management, file transfer and related communications functions in an effort to improve productivity and reduce cost of services. If undertaken, this development would further increase our capital expenditures above historical levels. In December 2003, we entered into a lease commitment and a plan to relocate our headquarters location in Atlanta, Georgia. We expect to complete the relocation of all functions, except our data center, before the end of our 2004 fiscal year. We do not expect this relocation to have a significant impact on the results of operations and financial condition.

Table of Contents

We regularly evaluate cash requirements for current operations, commitments, development activities and acquisitions and we may elect to raise additional funds for these purposes in the future, either through the issuance of debt, equity or otherwise. Our cash flow strategy has remained unchanged and is to first pay off debt arising from the timing of working capital needs, second to continue to make capital investments in our business and third, to pursue acquisitions that meet our acquisition strategies.

Credit Facilities

On November 25, 2003, we entered into a three-year, \$350 million revolving credit facility agreement with a syndicate of U.S. banks. The credit agreement contains certain financial and non-financial covenants and events of default customary for financings of this nature. The facility expires in November 2006 and has a variable interest rate based on a market short-term floating rate plus a margin that varies according to our leverage position.

In addition, the facility allows us to expand the facility size to \$500 million by requesting additional commitments from existing or new lenders. We plan to use the credit facility to fund future strategic acquisitions and to provide a source of working capital for general corporate purposes. This agreement replaces our prior credit facilities with U.S. banks, which had an aggregate capacity of \$150 million. As of November 30, 2003 and May 31, 2003, there were no amounts outstanding on our U.S. credit facilities. On December 1, 2003, we borrowed from the new U.S. credit facility in order to pay off our \$114 million note payable relating to the DoEx acquisition.

We also have a credit facility from CIBC that provides a line of credit up to \$175 million (Canadian), approximately \$135 million (U.S.) based on exchange rates existing on November 30, 2003, with an additional overdraft facility available to cover larger advances during periods of peak usage of credit cards. This line has a variable interest rate based on market rates and it contains certain financial and non-financial covenants and events of default customary for financings of this nature. This credit facility is secured by a first priority security interest in our accounts receivable from VISA Canada/International, and has been guaranteed by our subsidiaries. This guarantee is subordinate to our U.S. credit facility. On December 10, 2002, we executed a third amendment to this credit facility which extended the term of the facility through December 9, 2003. CIBC has subsequently agreed to extend the term through February 27, 2004. We are currently negotiating with CIBC to further extend the term of the credit facility for a longer term.

The third amendment of the facility, executed in December 2002, provides for the incurrence of interest costs in connection with offering merchants "same day value" for their deposits. Same day value, which has been an accepted industry practice in Canada for more than ten years, is the practice of giving merchants same day value for their sales transactions, even though their deposits are made at a later date. Essentially, the merchant's deposits are backdated to the date of the applicable sales transaction. Under the terms of the credit agreement prior to the execution of the third amendment, CIBC credited the merchants' deposit account for their sales transactions on the day of the transaction and we reimbursed CIBC when we received the corresponding funding from the card association. At November 30, 2003 and May 31, 2003, there was \$122.4 million and \$46.3 million (Canadian), or approximately \$94.4 million and \$33.9 million (U.S.), respectively, outstanding on this credit facility, based on then existing exchange rates. These amounts are included as a component of the net settlement processing payable/receivable on our balance sheet. The amount borrowed is restricted in use to pay merchants and will be received from the card associations on the following day.

Forward-Looking Results of Operations

During fiscal 2004, we intend to continue to focus on growing our domestic and international presence, build our ISO sales channel, increase customer satisfaction, assess opportunities for profitable acquisition growth, pursue enhanced products and services for our customers, and leverage our existing business model. We expect fiscal 2004 revenue of \$588 million to \$608 million, reflecting growth of 14% to 18%, compared to \$516 million in fiscal 2003. In addition, we expect fiscal 2004 diluted earnings per share of \$1.65 to \$1.72, reflecting growth of 15% to 20% compared to diluted earnings per share of \$1.43 in fiscal 2003, excluding the impact of restructuring charges in both periods. We are also anticipating an operating income margin of 18.8% to 19.3% for fiscal 2004. The forward-looking statements in this management discussion and analysis section do not reflect the impact of restructuring charges, the MUZO transaction or future acquisitions.

[Table of Contents](#)

Special Cautionary Notice Regarding Forward-Looking Statements

We believe that it is important to communicate our plans and expectations about the future to our shareholders and to the public. Investors are cautioned that some of the statements we use in this report, and in some of the documents we incorporate by reference in this report, contain forward-looking statements and are made pursuant to the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties, are predictive in nature, and depend upon or refer to future events or conditions. You can sometimes identify forward-looking statements by our use of the words “believes,” “anticipates,” “expects,” “intends,” “plans” and similar expressions. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements.

Although we believe that the plans and expectations reflected in or suggested by our forward-looking statements are reasonable, those statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties, and contingencies that are subject to change. Accordingly, we cannot guarantee you that our plans and expectations will be achieved. Our actual revenues, revenue growth and margins, other results of operation and shareholder values could differ materially from those anticipated in our forward-looking statements as a result of many known and unknown factors. These factors include, but are not limited to those set forth in Exhibit 99.1 to this report, those set forth elsewhere in this report, those set forth from time to time in our analyst calls and discussions and other filings made with the Securities and Exchange Commission. These cautionary statements qualify all of our forward-looking statements and you are cautioned not to place undue reliance on these forward-looking statements.

Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. While we may elect to update or revise forward-looking statements at some time in the future, we specifically disclaim any obligation to publicly release the results of any revisions to our forward-looking statements. You are advised, however, to consult any further disclosures we make in our reports filed with the Securities and Exchange Commission and in our press releases.

Where to Find More Information

We file annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission or the SEC. You may read and print materials that we have filed with the SEC from their website at www.sec.gov. In addition, certain of our SEC filings, including our annual report on Form 10-K, our quarterly reports on Form 10-Q and current reports on Form 8-K can be viewed and printed from the investor information section of our website at www.globalpaymentsinc.com free of charge. Copies of our filings are also available by writing or calling us using the address or phone number on the cover of this Form 10-Q.

Our SEC filings may also be viewed and copied at the following SEC public reference room, and at the offices of The New York Stock Exchange, where our common stock is quoted under the symbol “GPN.”

SEC Public Reference Room
450 Fifth Street, N.W., Room 1200
Washington, DC 20549
(You may call the SEC at 1-800-SEC-0330 for further information on the public reference room.)

New York Stock Exchange Offices
20 Broad Street
New York, NY 10005

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates on our cash investments and debt. We invest our excess cash in highly liquid short-term investments. These investments are not held for trading or other speculative purposes. Interest rates on our lines of credit are based on market rates and fluctuate accordingly. We

Table of Contents

mitigate any interest rate risk through the movement of funds between our domestic and foreign banks. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes and believe the market risk arising from investment instruments and debt to be minimal.

Although the majority of our operations are transacted in U.S. dollars, some of our operations are transacted in currencies of Canada, Latin American countries, and to a lesser extent, the United Kingdom. Consequently, a portion of our revenues and expenses may be affected by fluctuations in foreign currency exchange rates. We are also affected by fluctuations in exchange rates on assets and liabilities related to our foreign operations. We have not hedged our translation risk on foreign currency exposure and based on our sensitivity analysis calculated at year-end, we do not expect any material foreign exchange rate risk from changes in foreign currency exchange rates.

Item 4. Controls and Procedures

We concluded an evaluation of the effectiveness of our disclosure controls and procedures as of the quarterly period ended November 30, 2003. Our evaluation tested controls and other procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Based on our evaluation, as of the quarterly period ended November 30, 2003, information required to be disclosed in our reports that we file or submit under the Securities Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer as appropriate, in a manner that allows timely decisions regarding required disclosure.

There have been no significant changes in our internal procedures that could significantly affect these controls during the second quarter of fiscal 2004.

Table of Contents

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to a number of claims and lawsuits incidental to its business. In the opinion of management, the ultimate outcome of such matters, in the aggregate, will not have a material adverse impact on the Company's financial position, liquidity or results of operations. For additional information, refer to Note 5 of the "Notes to Unaudited Consolidated Financial Statements—Commitments and Contingencies."

Item 4. Submission of Matters to a Vote of Security Holders

On October 22, 2003, we held our 2003 Annual Meeting of Shareholders at our offices in Atlanta, Georgia. At the annual meeting, the following matters were approved by the vote specified below:

1. Raymond L. Killian was elected to serve as a Class I director until the 2004 Annual Meeting of Shareholders or until his respective successor has been duly elected and qualified. 34,134,554 shares of common stock were voted in favor of the election of Mr. Killian as a Class I director, and 344,830 shares were withheld from voting.
2. Gerald J. Wilkins and Michael W. Trapp were elected to serve as Class II directors until the 2005 Annual Meeting of Shareholders. 33,985,080 shares were voted in favor of the election of Mr. Trapp as a Class II director, and 494,304 shares were withheld from voting, and 33,894,674 shares were voted in favor of the election of Mr. Wilkins as a Class II director and 584,710 shares were withheld from voting.
3. Alex W. Hart, William I Jacobs, Gillian H. Denham and Alan M. Silberstein were elected to serve as Class III directors until the 2006 Annual Meeting of Shareholders. 34,134,593 shares were voted in favor of the election of Mr. Hart as a Class III director and 344,791 shares were withheld from voting; 33,898,049 shares were voted in favor of the election of Mr. Jacobs as a Class III director and 581,335 shares were withheld from voting; 24,349,093 shares were voted in favor of the election of Ms. Denham as a Class III director and 10,130,291 shares were withheld from voting; and 34,133,995 shares were voted in favor of the election of Mr. Silberstein as a Class III director and 345,389 shares were withheld from voting.

Each class of directors serves staggered three-year terms or until their respective earlier resignation, retirement, disqualification, death, or removal from office.

Effective at the conclusion of the 2003 Annual Meeting of Shareholders., Robert A. Yellowlees retired and Richard E. Venn and Gillian H. Denham resigned.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

- 10.1 Credit agreement dated as of November 25, 2003, among Global Payments Inc., Bank One, N.A., and the lenders named therein.
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of CFO
- 32.1 CEO and CFO Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002
- 99.1 Risk Factors

Table of Contents

(b) Reports on Form 8-K.

On November 12, 2003, the Company filed a Current Report on Form 8-K to disclose, pursuant to Item 5 and Item 7 on Form 8-K, a press release the announcing the acquisition of Latin America Money Services, LLC and the update of the Company's financial guidance for fiscal 2004.

On November 26, 2003, the Company filed a Current Report on Form 8-K to disclose, pursuant to Item 2 and Item 7 on Form 8-K, the completion of the acquisition of Latin America Money Services, LLC.

Signatures

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

Date: January 14, 2004

Global Payments Inc.

(Registrant)

By: /s/ James G. Kelly

James G. Kelly
Chief Financial Officer
(Principal Financial Officer and Chief Accounting Officer)

CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of November 25, 2003, among GLOBAL PAYMENTS INC., a Georgia corporation, as Borrower, the banks and other financial institutions listed on the signature pages hereof, as Lenders, BANK ONE, NA, a national banking association having its principal office in Chicago, Illinois, as Administrative Agent, Swing Line Lender and LC Issuer, SUNTRUST BANK, a Georgia banking corporation, as Syndication Agent, and BANK OF AMERICA, N.A., a national banking association, WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, and KEYBANK NATIONAL ASSOCIATION, a national banking association, as Co-Documentation Agents.

WITNESSETH:

WHEREAS, the Borrower has requested that the Lenders establish in its favor a revolving credit facility in order to refinance certain existing indebtedness under the 2001 Credit Agreement (as hereinafter defined) and to replace the credit facility evidenced thereby, to finance acquisitions of businesses as permitted by the terms of this Agreement, and otherwise to provide the Borrower a source of working capital and other funds for general corporate purposes of the Borrower and its Subsidiaries;

WHEREAS, the Lenders have agreed to establish such revolving credit facility on the terms, and subject to the conditions and requirements, set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1**DEFINITIONS**

SECTION 1.1. Definitions. The terms as defined in this Section 1.1 shall, for all purposes of this Agreement and any amendment hereto (except as herein otherwise expressly provided or unless the context otherwise requires), have the meanings set forth herein:

“Acquired Entity” means the assets, in the case of an acquisition of assets, or Capital Stock (or, if the context requires, the Person that is the issuer of such Capital Stock), in the case of an acquisition of Capital Stock, acquired by the Borrower or any of its Consolidated Subsidiaries pursuant to an Acquisition permitted by Section 6.4(b).

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any Person (i) acquires any going business or all

or substantially all of the assets of any firm, corporation, partnership, limited liability company or division or other business unit or segment thereof, whether through purchase of assets, merger or otherwise, or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

“Administrative Agent” means Bank One, in its capacity as administrative agent for the Lenders hereunder, its successors and permitted assigns in such capacity, and any other Person appointed as Administrative Agent in accordance with Section 8.9.

“Administrative Agent/Arranger Letter Agreement” means that certain letter agreement dated as of October 6, 2003, among the Administrative Agent, BOCM, and Borrower relating to certain fees from time to time payable to the Administrative Agent and BOCM, together with all amendments and supplements thereto.

“Advance” means a Borrowing hereunder (and, in the case of a Eurodollar Advance, the conversion or continuation thereof) consisting of the aggregate amount of the several Loans made by one or more of the Lenders to the Borrower on the same Borrowing Date (or date of conversion or continuation), of the same Type and, in the case of a Fixed Rate Advance, for the same Interest Period, and includes a Syndicated Advance and a Swing Line Advance.

“Affiliate” means (i) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower (a “Controlling Person”), (ii) any Person (other than the Borrower) which is controlled by or is under common control with a Controlling Person, or (iii) any Person of which the Borrower owns, directly or indirectly, 20% or more of the common stock or equivalent equity interests. As used herein, the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Aggregate Commitment” means the aggregate of the Commitments of all the Lenders, being \$350,000,000 as of the date of this Agreement, as the same may be increased or reduced from time to time pursuant to the terms hereof.

“Aggregate Outstanding Credit Exposure” means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

“Aggregate Subsidiary Threshold” means an amount equal to seventy-five percent (75%) of the total consolidated revenue of the Borrower and its Consolidated Restricted Subsidiaries for the most recent Fiscal Quarter as shown on the Financial Statements (Annual) or Financial Statements (Quarterly), as the case may be, as most recently delivered or required to be delivered pursuant to Section 5.1.

“Agreement” means this Credit Agreement, together with all amendments and supplements hereto and all restatements hereof.

“Alternate Base Rate” means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus $\frac{1}{2}\%$.

“Applicable Margin” means, at any date of determination thereof with respect to any Syndicated Advance, the respective rates per annum for such Syndicated Advance calculated in accordance with Section 2.9.

“Applicable Pledge Amount” means, in respect of the amount of Capital Stock of an Eligible Pledged Subsidiary to be pledged to the Administrative Agent, for the ratable benefit of the Lenders, Swing Line Lender, LC Issuer and Administrative Agent, pursuant to a Pledge Agreement, the total amount of all outstanding Capital Stock of such Subsidiary owned by the Borrower and its other Domestic Operating Subsidiaries (provided, however, that, in the case of an Eligible Pledged Subsidiary that is a First Tier- Non-U.S. Operating Subsidiary, such Capital Stock shall not be greater than 65% of all outstanding Capital Stock of such Subsidiary).

“Asset Sale” means the sale (including any transaction that has the economic effect of a sale), transfer or other disposition (by way of merger or otherwise, including sales in connection with a sale and leaseback transaction, or as a result of any condemnation or casualty in respect of property) by the Borrower or any Consolidated Subsidiary to any Person other than a Credit Party, of (i) any capital stock of any Consolidated Subsidiary, or (ii) any other assets of the Borrower or any Consolidated Subsidiary (other than inventory, obsolete or worn out assets, scrap, and Restricted Investments, in each case disposed of in the ordinary course of business), except sales, transfers or other dispositions of any assets in one transaction or a series of related transactions having a value not in excess of \$100,000.

“Assignee” has the meaning set forth in Section 9.8(c)

“Assignment Agreement” means an Assignment Agreement executed in accordance with Section 9.8(c) in the form attached hereto as Exhibit E.

“Authorized Executive Officer” means any of the Chief Executive Officer, President, Chief Financial Officer, Treasurer, or Secretary of the Borrower, acting singly.

“Authorized Financial Officer” means the Chief Financial Officer, Senior Vice President of Finance, Principal Financial Officer, Chief Accounting Officer, Treasurer or other similar financial officers of the Borrower.

“Available Aggregate Commitment” means, at any time, the Aggregate Commitment then in effect minus the Aggregate Outstanding Credit Exposure at such time.

“Bank One” means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, and its successors and assigns.

“BOCM” means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as arranger of the credit facilities provided to the Borrower by this Agreement.

“Borrower” means Global Payments Inc., a Georgia corporation, and its successors and permitted assigns.

“Borrower’s Business” means the businesses operated by the Borrower and its Subsidiaries on the date hereof and any other businesses arising therefrom or related thereto in the payment processing industry.

“Borrowing” means a borrowing hereunder consisting of a Loan or Loans made to the Borrower pursuant to Article 2.

“Borrowing Date” means a date on which an Advance is made hereunder.

“Business Day” means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market, and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities.

“Canadian Acquisition” means the Acquisition by Global Payments Direct of certain net assets of the merchant card services business of the Canadian Seller, representing the Canadian merchant processing business of the Canadian Seller in accordance with the terms of such Acquisition as provided in that certain agreement dated November 9, 2000 between Global Payments Direct and the Canadian Seller.

“Canadian Receivables” means the accounts receivable acquired by Global Payments Direct pursuant to the Canadian Acquisition and other Canadian accounts receivable of Global Payments Direct generated in the ordinary course of business by the Canadian merchant processing business acquired by Global Payments Direct pursuant to the Canadian Acquisition.

“Canadian Receivables Credit Facility” means the documents evidencing the credit facility made available to Global Payments Direct by the Canadian Seller providing for short-term advances to Global Payments Direct made in respect of the Canadian Receivables, with the obligations of Global Payments Direct under such credit facility to be Guaranteed by the Borrower and the Subsidiary Guarantors, together with any refinancings or replacements of such credit facility and any amendments or modifications of such credit facility or refinancing or replacement, in each case to the extent any such refinancing, replacement, amendment or modification is not on terms or otherwise less favorable in any material respect to the Lenders or the Administrative Agent.

“Canadian Seller” means Canadian Imperial Bank of Commerce.

“Capital Stock” means, with respect to any Person, any nonredeemable capital stock (or in the case of a partnership or limited liability company, the partners’ or members’ equivalent equity interest) of such Person or any of its Subsidiaries (to the extent issued to a Person other than such Person), whether common or preferred.

“Capitalized Lease” of a Person means any lease of property, whether real property or personalty, by such Person as lessee that would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

“Closing Date” means the date on which all conditions set forth in Section 3.1 are fulfilled.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Federal tax code.

“Co-Documentation Agents” means, collectively, Bank of America, N. A., a national banking association, Wachovia Bank, National Association, a national banking association, and KeyBank National Association, a national banking association, and their respective successors, in their capacities as co-documentation agents for the credit facilities provided to the Borrower by this Agreement.

“Collateral Shortfall Amount” is defined in Section 7.3.

“Commitment” means for each Lender, the obligation of such Lender to make Syndicated Loans, and participate in Facility LCs and Swing Line Loans, in an aggregate amount not exceeding the applicable amount set forth opposite its signature below or as set forth in any Notice of Assignment relating to any assignment thereof that has become effective pursuant to Section 9.8(c), as such amount may otherwise be increased or reduced from time to time pursuant to the terms hereof.

“Compliance Certificate” means a compliance certificate, substantially in the form of Exhibit D hereto, signed by an Authorized Financial Officer, showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Event of Default exists, or if any Default or Event of Default exists, stating the nature and status thereof.

“Consolidated EBITDA” means, for any period, the sum of the following (without duplication): (a) with respect to the Borrower and its Consolidated Subsidiaries (excluding Persons that at the end of such period were Unrestricted Subsidiaries or any Persons or assets that became Acquired Entities at any time during such period), the sum of each of the following for such period: (i) Consolidated Net Income, (ii) income taxes, (iii) depreciation, (iv) amortization, and (v) Consolidated Interest Expense; (b) “Consolidated EBITDA” of any Persons or assets that became Acquired Entities (excluding Acquired Entities that are Unrestricted Subsidiaries) at any time during such period, calculated on a pro forma basis for such Acquired Entities for the entire period in a manner otherwise consistent with this definition and the

definitions referred to herein; and (c) “Consolidated EBITDA” of Persons that were Unrestricted Subsidiaries as of the end of such period, calculated for such Unrestricted Subsidiaries for the entire period in a manner otherwise consistent with this definition and the definitions referred to herein, solely to the extent such amounts were actually paid in cash during such period by dividend or distribution by such Unrestricted Subsidiaries to the Borrower or its Restricted Subsidiaries.

“Consolidated EBITR” means, for the Borrower and its Consolidated Subsidiaries (other than Persons that at the end of such period were Unrestricted Subsidiaries) for any period, an amount equal to the sum of each of the following for such period (without duplication): (a) Consolidated EBITDA (excluding “Consolidated EBITDA” of Acquired Entities as described in clause (b) of the definition of Consolidated EBITDA) plus (b) Consolidated Lease Expense minus (c) depreciation and amortization.

“Consolidated Fixed Charges” means, without duplication, for the Borrower and its Consolidated Subsidiaries (other than Persons that at the end of such period were Unrestricted Subsidiaries) for any period, the sum each of the following for such period (without duplication): (a) Consolidated Interest Expense, and (b) Consolidated Lease Expense

“Consolidated Interest Expense” means, for the Borrower and its Consolidated Subsidiaries for any period determined on a consolidated basis in accordance with GAAP (without duplication), total interest expense, including without limitation the interest component of any payments in respect of capital leases capitalized or expensed during such period (whether or not actually paid during such period).

“Consolidated Lease Expense” for any period, the aggregate amount of fixed and contingent rentals payable by the Borrower and its Consolidated Subsidiaries with respect to leases of real and personal property (excluding Capitalized Leases) determined on a consolidated basis in accordance with GAAP for such period.

“Consolidated Net Income” means, for any period, net income of the Borrower and its Consolidated Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, but excluding therefrom (to the extent included therein) (a) the after-tax impact of Non-Recurring Non-Cash Items and (b) any equity interest of the Borrower and its Consolidated Subsidiaries (other than Unrestricted Subsidiaries) in the unremitted earnings of any Person that is not a Subsidiary. Further, Non-Recurring Cash Items will only be reflected (on an after-tax basis) in net income as such amounts are paid, and the cash portions of any restructuring charge will only be reflected (on an after-tax basis) in net income for pre-tax amounts that exceed the Restructuring Charge Limit.

“Consolidated Net Worth” means, as of any date, total shareholder’s equity reflected on the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of such date prepared in accordance with GAAP, but excluding therefrom (to the extent included therein from the end of the most recently ended Fiscal Quarter prior to the Closing Date) (a) the after-tax impact of Non-Recurring Non-Cash Items and (b) any impact of foreign currency translation adjustments or pension fund liabilities. Further, Non-Recurring Cash Items will only be

reflected (on an after-tax basis) in Consolidated Net Worth as such amounts are paid, and the cash portions of any restructuring charge will only be reflected (on an after-tax basis) in Consolidated Net Worth for pre-tax amounts that exceed the Restructuring Charge Limit.

“Consolidated Restricted Subsidiary” means at any date any Consolidated Subsidiary that is not an Unrestricted Subsidiary as of such date.

“Consolidated Subsidiary” means at any date any Subsidiary or other Person the accounts of which, in accordance with GAAP, would be consolidated with those of the Borrower in its consolidated financial statements as of such date.

“Consolidated Total Debt” means at any date, all Debt of the Borrower and its Consolidated Subsidiaries (other than Unrestricted Subsidiaries) measured on a consolidated basis as of such date (excluding therefrom, however, without duplication, Guarantees of Debt of such Person or any of its Consolidated Subsidiaries, respectively, by such Person or any such Consolidated Subsidiary).

“Contribution Agreement” means the Contribution Agreement, substantially in the form of Exhibit C executed and delivered by the Borrower and those Consolidated Restricted Subsidiaries of the Borrower that are parties to the Subsidiary Guarantee, in favor of the Administrative Agent for the ratable benefit of the Lenders, Swing Line Lender, LC Issuer, and Administrative Agent, as the same may be amended, supplemented and restated from time to time.

“Contribution Agreement Supplement” means the Supplement substantially in the form of Annex I to the Contribution Agreement executed and delivered by a Domestic Operating Subsidiary of the Borrower pursuant to Section 5.3.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

“Conversion/Continuation Notice” is defined in Section 2.3(g).

“Credit Extension” means the making of an Advance or the issuance of a Facility LC hereunder.

“Credit Extension Date” means the Borrowing Date for an Advance or the issuance date for a Facility LC.

“Credit Party” means any of the Borrower, any Subsidiary Guarantor or any Pledged Subsidiary.

“Debt” of any Person means, without duplication, (i) obligations of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations of such Person in respect of the deferred purchase price of

property or services (other than trade payables incurred in the ordinary course of business on terms customary in the trade), (iv) obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) Capitalized Lease obligations of such Person, (vi) obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) Guaranties by such Person of the type of Debt described in clauses (i) through (vi) above, (viii) all indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Capital Stock of such Person, and (x) off-balance sheet liability retained in connection with asset securitization programs, synthetic leases, sale and leaseback transactions or other similar obligations arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheet of such Person and its Subsidiaries. "Debt" shall not include obligations of the Borrower or any Subsidiary under any Settlement Facility.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"DolEx" means DolEx Dollar Express, Inc., a Texas corporation.

"DolEx Acquisition" means the acquisition by the Borrower, directly or indirectly, of all outstanding Capital Stock of LAMS and DolEx.

"Dollars" or "\$" means dollars in lawful currency of the United States of America.

"Domestic Operating Restricted Subsidiary" means Domestic Operating Subsidiary that is a Restricted Subsidiary of the Borrower.

"Domestic Operating Subsidiary" means an Operating Subsidiary organized under the laws of any State of the United States of America or the District of Columbia, or the federal laws of the United States of America.

"Eligible Lender" means any Person who is, at the time of determination: (a) a Lender; (b) a commercial bank, trust company, savings and loan association, savings bank, insurance company, investment bank or pension fund organized under the laws of the United States of America, or any state thereof, and having total assets in excess of \$5,000,000,000; or (c) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development ("OECD"), or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, provided that such bank is acting through a branch or agency located in the United States of America. If such Person is not currently a Lender, such Person's senior unsecured long term indebtedness must be rated BBB or higher by S&P, Baa2 or higher by Moody's.

“Eligible Pledged Subsidiary” means any First Tier Non-US Operating Subsidiary or any Restricted Subsidiary (other than a Wholly Owned Subsidiary).

“Environmental Liabilities” means any liabilities, whether accrued, contingent or otherwise, arising from or in any way associated with any legal requirements relating to health, safety, or the environment and applicable to the Borrower or any of its Subsidiaries, including without limitation, under the federal Comprehensive Environmental Response Compensation and Liability Act, and all other federal, state and local laws and regulations, and all judgments, awards, decrees, and orders issued pursuant thereto and binding on or otherwise applicable to the Borrower and its Subsidiaries (the foregoing referred to collectively as “Environmental Laws”).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law. Any reference to any provision of ERISA shall also be deemed to be a reference to any successor provision or provisions thereof.

“Eurodollar Advance” means a Syndicated Advance which, except as otherwise provided in Section 2.11, bears interest at a Eurodollar Rate.

“Eurodollar Base Rate” means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the applicable British Bankers’ Association Interest Settlement Rate for deposits in Dollars appearing on the Reuters Screen FRBD as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Eurodollar Interest Period, and having a maturity equal to such Eurodollar Interest Period, provided that (i) if Reuters Screen FRBD is not available to the Administrative Agent for any reason, the applicable Eurodollar Base Rate for the relevant Eurodollar Interest Period shall instead be the applicable British Bankers’ Association Interest Settlement Rate for deposits in Dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Eurodollar Interest Period, and having a maturity equal to such Eurodollar Interest Period, and (ii) if no such British Bankers’ Association Interest Settlement Rate is available to the Administrative Agent, the applicable Eurodollar Base Rate for the relevant Eurodollar Interest Period shall instead be the rate determined by the Administrative Agent to the rate at which Bank One or one of its Affiliate banks offers to place deposits in Dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Eurodollar Interest Period, in the approximate amount of Bank One’s relevant Eurodollar Loan and having a maturity equal to such Eurodollar Interest Period.

“Eurodollar Interest Period” means, with respect to a Eurodollar Advance, a period of seven days, fourteen days or one, two, three, six or twelve months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Each Eurodollar Interest Period of one, two, three, six or twelve months shall end on the day which corresponds numerically to such date one, two, three, six or twelve months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third, sixth or twelfth succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second, third, sixth or twelfth succeeding month. If a Eurodollar Interest Period would otherwise end on a day which is not a Business Day, such Eurodollar Interest Period shall end on the next succeeding

Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Eurodollar Interest Period shall end on the immediately preceding Business Day.

“Eurodollar Loan” means a Syndicated Loan which, except as otherwise provided in Section 2.11, bears interest at a Eurodollar Rate.

“Eurodollar Rate” means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Eurodollar Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Eurodollar Interest Period, plus (ii) the Applicable Margin for Eurodollar Advances then in effect. The Eurodollar Rate shall be rounded to the next higher multiple of 1/100 of 1% if the rate is not such a multiple.

“Event of Default” has the meaning set forth in Section 7.1.

“Excluded Taxes” means, in the case of each Lender, Swing Line Lender, LC Issuer, or Administrative Agent, or its applicable Lending Installation, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which it is incorporated or organized, or (ii) the jurisdiction in which its principal executive office or applicable Lending Installation is located.

“Existing Lender Client” means, at any time and with respect to any Lender, any Person that has an existing relationship at such time with such Lender or any Affiliate of such Lender as a borrower or other obligor in respect of any loan or other credit facility, or as a recipient of any financial advisory or other capital markets services, including without limitation, any services to arrange, place, syndicate, underwrite or provide advice or other services in respect of the issuance of any debt or equity instruments or securities, all as determined in good faith at such time by such Lender and, if requested by the Borrower, to the extent confirmed as to such status by such Lender not later than the second Business Day after such Lender’s receipt of the Borrower’s written request for such confirmation.

“Facility LC” is defined in Section 2.4(a).

“Facility LC Application” is defined in Section 2.4(c).

“Facility LC Collateral Account” is defined in Section 2.4(k).

“Facility Termination Date” means (i) November 25, 2006 or any later date to which the Facility Termination Date may be extended in accordance with Section 2.25, or (ii) any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms of this Agreement.

“Federal Funds Effective Rate” means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such

day (or, if such day is not a Business Day, for the immediately preceding 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 at approximately 10 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

“Financial Statements (Annual)” means, with respect to any Person, the balance sheet of such Person as of the end of such Fiscal Year and the related consolidated statements of income, shareholders’ equity and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year.

“Financial Statements (Quarterly)” means, with respect to any Person, the balance sheet of such Person as of the end of such quarter and the related statements of income and cash flows for such quarter and for the portion of the Fiscal Year ended at the end of such quarter, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of the previous Fiscal Year.

“First Tier Non-U.S. Operating Subsidiary” means a Non-U.S. Operating Subsidiary, the majority of whose Capital Stock is owned by the Borrower and/or its Domestic Operating Subsidiaries.

“Fiscal Quarter” means any fiscal quarter of the Borrower.

“Fiscal Year” means any fiscal year of the Borrower.

“Fixed Charge Coverage Ratio” means the ratio, determined as of the end of each Fiscal Quarter of the Borrower, for the Fiscal Quarter just ended and the immediately preceding three Fiscal Quarters, of (i) Consolidated EBITR of the Borrower and its Consolidated Restricted Subsidiaries for such period to (ii) Consolidated Fixed Charges of the Borrower and its Consolidated Restricted Subsidiaries for such period.

“Fixed Rate” means a Eurodollar Rate or Quoted Fixed Rate, as the case may be.

“Fixed Rate Advance” means an Advance which bears interest at a Fixed Rate.

“Fixed Rate Swing Line Advance” means a Swing Line Advance which bears interest at a Quoted Fixed Rate.

“Fixed Rate Loan” means a Loan which bears interest at a Fixed Rate.

“Floating Rate” means, for any day, a rate per annum equal to the sum of (i) the Alternate Base Rate for such day, plus (ii) the Applicable Margin for Floating Rate Advances then in effect for such day, in each case changing when and as the Alternate Base Rate changes.

“Floating Rate Advance” means a Syndicated Advance or Swing Line Advance which bears interest at the Floating Rate.

“Floating Rate Loan” means a Syndicated Loan or Swing Line Loan which bears interest at the Floating Rate.

“GAAP” means generally accepted accounting principles applied on a basis consistent with those which, in accordance with Section 1.2, are to be used in making the calculations for purposes of determining compliance with the terms of this Agreement.

“Global Payments Direct” means Global Payments Direct, Inc. (formerly known as National Data Payment Systems, Inc.), a New York corporation, and its successors and permitted assigns.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to secure, purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to provide collateral security, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Intellectual Property” means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multi-national or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how processes and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds in damages therefrom.

“Interest Period” means (i) a Eurodollar Interest Period, or (ii) a Quoted Fixed Rate Interest Period.

“Investment” means any investment in any Person, whether by means of purchase or acquisition of obligations or securities of such Person, capital contribution to such Person, loan or advance to such Person, making of a time deposit with such Person, Guarantee or assumption of any obligation of such Person or otherwise.

“LAMS” means Latin America Money Services, LLC, a Delaware limited liability company.

“LC Fee” is defined in Section 2.4(d).

“LC Issuer” means Bank One (or any subsidiary or affiliate of Bank One designated by it) in its capacity as issuer of Facility LCs hereunder.

“LC Obligations” means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount of all Facility LCs outstanding at such time, plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

“LC Payment Date” is defined in Section 2.4(e).

“Lender” means each bank or other financial institution or lender listed on the signature pages hereof as having a Commitment, and its successors and permitted assigns. Unless otherwise specified, the term “Lender” includes Bank One in its capacity as Swing Line Lender.

“Lending Installation” means, with respect to a Lender, Swing Line Lender, or LC Issuer, any office, branch, subsidiary or affiliate of such Lender, Swing Line Lender, or LC Issuer.

“Level I Status” exists at any date if the Leverage Ratio in effect as of such date is less than 0.5 to 1.0.

“Level II Status” exists at any date if the Leverage Ratio in effect as of such date is greater than or equal to 0.5 to 1.0, but less than 1.0 to 1.0.

“Level III Status” exists at any date if the Leverage Ratio in effect as of such date is greater than or equal to 1.0 to 1.0, but less than 1.5 to 1.0.

“Level IV Status” exists at any date if the Leverage Ratio in effect as of such date is greater than or equal to 1.5 to 1.0, but less than 2.0 to 1.0.

“Level V Status” exists at any date if the Leverage Ratio in effect as of such date is greater than or equal to 2.0 to 1.0, but less than 2.5 to 1.0.

“Level VI Status” exists at any date if the Leverage Ratio in effect as of such date is greater than or equal to 2.5 to 1.0.

“Leverage Ratio” means, as of the end of any Fiscal Quarter, the ratio of Consolidated Total Debt of the Borrower and its Consolidated Restricted Subsidiaries as of such date to Consolidated EBITDA of the Borrower and its Consolidated Restricted Subsidiaries for such Fiscal Quarter and the immediately preceding three Fiscal Quarters.

“Lien” means, with respect to any asset, any mortgage, deed to secure debt, deed of trust, lien, pledge, charge, security interest, security title, preferential arrangement, which has the practical effect of constituting a security interest or encumbrance, or encumbrance or servitude of any kind in respect of such asset to secure or assure payment of a Debt or a Guarantee, whether by consensual agreement or by operation of statute or other law. For the purposes of this Agreement, the Borrower and each of its Subsidiaries shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“Loan” means a Syndicated Loan or a Swing Line Loan, as the case may be.

“Loan Documents” means this Agreement, the Notes, the Subsidiary Guarantee, the Contribution Agreement, the Pledge Agreements, the Facility LC Applications, and all other documents and agreements contemplated hereby and executed by the Borrower or any Consolidated Subsidiary of the Borrower in favor of the Administrative Agent or any Lender.

“Margin Stock” means “margin stock” as defined in Regulations T, U or X.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the financial condition, operations, business, properties or prospects of the Borrower and its Consolidated Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent, the LC Issuer, the Swing Line Lender, or the Lenders under the Loan Documents, or the ability of the Borrower or any of its Subsidiaries to perform its obligations under the Loan Documents to which it is a party (such obligations to include, without limitation, payment of the Obligations and observance and performance of the covenants set forth in Articles 5 and 6 hereof), as applicable, or (c) the legality, validity or enforceability of any Loan Document.

“Modify” and “Modification” are defined in Section 2.4(a).

“Multiemployer Plan” shall have the meaning set forth in Section 4001(a) (3) of ERISA.

“Net Proceeds of Capital Stock” means any proceeds received or deemed received by the Borrower or its Consolidated Subsidiary in respect of the issuance or sale of Capital Stock or conversion of any Debt to Capital Stock, after deducting therefrom all reasonable and customary costs and expenses incurred by the Borrower or such Consolidated Subsidiary directly in connection with such issuance or sale of such Capital Stock or conversion of such Debt. In the case of an Acquisition where some or all of the consideration for the Acquisition is Capital Stock, the amount of proceeds received or deemed received in respect of such Capital Stock shall be equal to the shareholders’ (or in the case of a partnership or limited liability company, the partners’ or members’) equity of the Acquired Entity immediately following the Acquisition, as determined in accordance with GAAP, less all non-cash, non-recurring charges required or appropriate under GAAP to be taken by the Borrower and its Consolidated Subsidiaries as a result of the Acquisition, provided that in no instance shall “Net Proceeds of Capital Stock” as so calculated be less than zero.

“Non-Negotiated Acquisition” means any Acquisition that is effected (A) pursuant to a tender or other public offer to purchase from the holders of Capital Stock of a publicly held Person that has not been preceded by approval of such tender or other public offer by (i) the

board of directors or comparable managing board or body of such Person, or (ii) the negotiated agreement(s) in support of such Acquisition by holders of sufficient Capital Stock to assure the approval of such Acquisition pursuant to the organizational documents of such Person and applicable law, or (B) following a solicitation of proxies with respect to the Capital Stock of such Person that has not been approved by the management of such Person.

“Non-Recurring Cash Items” means, for any period, an accounting item that impacts cash and is generally non-recurring in nature, including without limitation, the cash portions of gains, losses, asset impairments, restructuring charges, extraordinary items, unusual items, and the cumulative effect of changes in accounting principles. For illustrative purposes, an example of a Non-Recurring Cash Item is a restructuring charge that includes cash severance payments.

“Non-Recurring Non-Cash Items” means, for any period, an accounting item that does not impact cash and is generally non-recurring in nature, including without limitation, the non-cash portions of gains, losses, asset impairments, restructuring charges, extraordinary items, unusual items, and the cumulative effect of changes in accounting principles.

“Non-U.S. Lender” is defined in Section 2.24(d).

“Non-U.S. Operating Subsidiary” means any Operating Subsidiary of the Borrower other than a Domestic Operating Subsidiary.

“Notes” means, collectively, the Syndicated Notes and the Swing Line Note; and “Note” means any one of the Notes.

“Notice of Assignment” means a Notice of Assignment to be delivered pursuant to the provisions of the Assignment Agreement.

“Obligations” means all unpaid principal of and accrued and unpaid interest on all Loans, LC Obligations, accrued and unpaid fees, and expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Swing Line Lender, the LC Issuer, the Administrative Agent or any indemnified party hereunder arising under the Loan Documents.

“Operating Subsidiary” means any Subsidiary of the Borrower that owns or acquires assets, including without limitation, Capital Stock issued by any other Person.

“Other Taxes” is defined in Section 2.24(b).

“Outstanding Credit Exposure” means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Loans outstanding at such time, (ii) an amount equal to its Pro Rata Share of the aggregate principal amount of Swing Line Loans outstanding at such time, and (iii) an amount equal to its Pro Rata Share of the LC Obligations outstanding at such time.

“Participant” has the meaning set forth in Section 9.8(b).

“Payment Date” means the first Business Day of each calendar quarter, beginning with the calendar quarter commencing January 2, 2004.

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Acquisition” means an Acquisition otherwise satisfying the terms of Section 6.4(b) and, if the total amount of cash consideration to be paid, and Debt to be assumed or otherwise becoming a portion of Consolidated Total Debt, in respect of such Acquisition exceeds \$25,000,000 in the aggregate, the Borrower shall have delivered to the Agent prior to consummation of such Acquisition a certificate of an Authorized Financial Officer demonstrating in reasonable detail that the Borrower shall be in compliance, on a pro forma basis after giving effect to such Acquisition, with the Leverage Ratio recomputed as of the last day of the most recently-ended Fiscal Quarter of the Borrower for which financial statements are available, as if such Acquisition (and any related incurrence or repayment of Debt) had occurred on the first day of the four Fiscal Quarter period then ending, together with all other relevant financial information for the Person(s) or assets to be so acquired as may be reasonably requested by the Administrative Agent.

“Permitted Pari Passu Indebtedness” means Debt of the Borrower issued pursuant to an indenture, loan or credit agreement, note purchase agreement, or similar agreement or instrument for money borrowed, evidencing senior unsecured indebtedness of the Borrower, or senior secured indebtedness of the Borrower providing for Liens securing such indebtedness and the Obligations as described in this Agreement on a pari passu basis with respect to all assets serving as collateral for such indebtedness and the Obligations, and providing for guaranties of such indebtedness by no Subsidiaries of the Borrower other than Subsidiary Guarantors under this Agreement, and subject in all respects to an intercreditor agreement negotiated in good faith by the Administrative Agent acting on behalf of the Lenders and the holders of such indebtedness or such holders’ trustee, agent, or other representative, and making provisions for, among other things, the sharing of proceeds of collateral and amounts received or collected from guarantors in connection with such indebtedness and the Obligations.

“Person” means an individual, a corporation, a limited liability company, a partnership, an unincorporated association, a trust or any other entity or organization, including, but not limited to, a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either (i) maintained by a member of the Controlled Group for employees of any member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Pledge Agreements” means the pledge and security agreements made by the Borrower and/or its Subsidiaries pursuant to which the Applicable Pledge Amount of the Capital Stock of

any Eligible Pledged Subsidiary is pledged to the Administrative Agent, for the ratable benefit of the Lenders, Swing Line Lender, LC Issuer, and Administrative Agent, creating and granting a first priority pledge and Lien thereon, as required by Sections 3.1 and 5.3, all in form and substance satisfactory to the Administrative Agent.

“Pledged Subsidiary” means any Eligible Pledged Subsidiary whose Capital Stock is pledged pursuant to Section 5.3 hereof.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent company (which is not necessarily the lowest charged to any customer), changing when and as said prime rate changes.

“Pro Forma Financial Statements” means, collectively, the pro forma balance sheet and income statement of the Borrower and its Consolidated Subsidiaries as of May 31, 2003 after giving effect to the DoLEX Acquisition (as if such acquisition had occurred and been effective as the first day of the period covered by such financial statements), and accompanied by a schedule showing the exclusion of those items in the financial results and information of any Unrestricted Subsidiaries necessary to calculate the Leverage Ratio and Fixed Charge Coverage Ratio.

“Pro Rata Share” means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender’s Commitment and the denominator of which is the Aggregate Commitment.

“Quoted Fixed Rate” means a fixed rate of interest quoted by the Swing Line Lender to the Borrower, and accepted by the Borrower, pursuant to Section 2.5(e) to be applicable to a Swing Line Loan as specified by the Borrower for a Quoted Fixed Rate Interest Period.

“Quoted Fixed Rate Interest Period” means a period not to exceed seven (7) calendar days specified by the Borrower as being applicable to a Swing Line Loan being requested by the Borrower to bear interest at a Quoted Fixed Rate.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“Regulation T” means Regulation T of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

“Reimbursement Obligations” means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.4 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

“Required Lenders” means at any time Lenders having at least a majority of the Aggregate Commitment or, if the Aggregate Commitment is no longer in effect, Lenders holding at least a majority of the Aggregate Outstanding Credit Exposure.

“Reserve Requirement” means, with respect to a Eurodollar Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on new non-personal time deposits of \$100,000 or more with a maturity equal to that of such Eurocurrency liabilities (in the case of Eurodollar Advances).

“Restricted Investments” means cash investments in U.S. dollars in (i) U.S. Government securities and United States agency securities, including repurchase agreements with a short-term rating of A1 by Standard & Poor’s Corporation (“S&P”) or P1 by Moody’s Investors Services, Inc. (“Moody’s”), (ii) municipal securities rated A or better by S&P or Moody’s, (iii) certificates of deposit issued by a bank rated A1 by S&P or P1 by Moody’s, (iv) commercial paper rated A1 by S&P or P1 by Moody’s, (v) tender bonds or variable rate demand bonds supported by a letter of credit issued by a United States bank whose long-term certificates of deposit are rated A or better by S&P or Moody’s, (vi) auction rate municipal securities (35-day auction cycle) with long-term debt ratings of A or better by S&P or Moody’s, (vii) investments in auction rate money market preferred stock issued by a corporation with a debt rating of A by S&P or A2 by Moody’s, and (viii) any other overnight or money market investments that are of investment grade quality.

“Restricted Subsidiary” means any Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

“Restructuring Charge Limit” means during any Fiscal Year of the Borrower, an amount equal to three percent (3%) of the Consolidated Net Worth of the Borrower and the Consolidated Subsidiaries as of the end of the immediately preceding Fiscal Year of the Borrower.

“Settlement Facilities” means credit facilities obtained by the Borrower or any Subsidiary that provide for funding of short-term timing differences related to customer settlements, similar to those credit facilities in effect as of the Closing Date as established by DoIEx and the Canadian Receivables Credit Facility.

“Single Subsidiary Threshold” means an amount equal to fifteen percent (15%) of the total consolidated revenue of the Borrower and its Consolidated Restricted Subsidiaries, in each case for the most recent Fiscal Quarter as shown on the Financial Statements (Annual) or Financial Statements (Quarterly), as the case may be, as most recently delivered or required to be delivered pursuant to Section 5.1.

“Status” means, at any date of determination, whichever of Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status or Level VI Status exists at such time.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of the Borrower.

“Subsidiary Guarantee” means the Subsidiary Guarantee substantially in the form of Exhibit B executed and delivered by the Subsidiary Guarantors, in favor of the Administrative Agent for the ratable benefit of the Lenders, as the same may be amended, supplemented and restated from time to time.

“Subsidiary Guarantee Supplement” means each Supplement substantially in the form of Annex I to the Subsidiary Guarantee executed and delivered by a Domestic Operating Subsidiary of the Borrower pursuant to Section 5.3.

“Subsidiary Guarantors” means, collectively, the Subsidiaries of the Borrower that are parties to the Subsidiary Guarantee and each additional Domestic Operating Subsidiary of the Borrower that executes and delivers a Subsidiary Guarantee Supplement pursuant to Section 5.3.

“Swing Line Advance” means a Borrowing pursuant to Section 2.5 consisting of a Swing Line Loan (which may be made either as a Floating Rate Advance or as a Quoted Fixed Rate Advance) made by the Swing Line Lender to the Borrower on the same date and interest rate basis and, if made as a Quoted Fixed Rate Advance, for the same Interest Period.

“Swing Line Borrowing Notice” means the notice given by the Borrower to the Administrative Agent requesting a Swing Line Advance as provided in Section 2.5(e).

“Swing Line Commitment” means the commitment of the Swing Line Lender to make Swing Line Loans to the Borrower in an aggregate principal amount at any time outstanding not to exceed \$30,000,000.

“Swing Line Lender” means Bank One or any subsequent Lender extending to the Borrower the Swing Line Commitment hereunder.

“Swing Line Loans” means, collectively, the loans made to the Borrower by the Swing Line Lender pursuant to Section 2.5.

“Swing Line Note” means the promissory note evidencing the Swing Line Loans substantially in the form of Exhibit A-2 and duly completed in accordance with the terms hereof, including any amendment, modification, renewal or replacement of such promissory note.

“Syndicated Advance” means a borrowing hereunder (or conversion or continuation thereof) consisting of the aggregate amount of the several Syndicated Loans made by the Lenders to the Borrower, on the same Borrowing Date (or date of conversion or continuation), of the same Type and, in the case of a Eurodollar Advance, for the same Interest Period.

“Syndicated Borrowing Notice” is defined in Section 2.3(f).

“Syndicated Loan” means, with respect of a Lender, a Loan made by such Lender pursuant to Section 2.3.

“Syndicated Note” means a promissory note, substantially in the form of Exhibit A-1 with appropriate insertions, duly executed and delivered to the Administrative Agent by the Borrower for the account of a Lender and payable to the order of such Lender in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note.

“Syndication Agent” means SunTrust Bank, a Georgia banking corporation, and its successors, in its capacity as syndication agent for the credit facilities provided to the Borrower by this Agreement.

“Taxes” means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

“Transferee” has the meaning set forth in Section 9.8(d)

“2001 Credit Agreement” means the Credit Agreement dated as of January 31, 2001, among the Borrower, Bank One, NA, SunTrust Bank, Wachovia Bank, National Association, and the other banks that are parties thereto, as the same has been amended and is in effect immediately prior to the Closing Date.

“Type” means (i) with respect to any Advance, its nature as a Eurodollar Advance, a Quoted Fixed Rate Advance, or a Floating Rate Advance, (ii) with respect to any Syndicated Advance, its nature as a Eurodollar Advance or a Floating Rate Advance, and (iii) with respect to any Swing Line Advance, its nature as a Quoted Fixed Rate Advance or a Floating Rate Advance.

“Unrestricted Subsidiary” means any Consolidated Subsidiary that (i) is listed on Schedule 1.1-U to this Agreement as an Unrestricted Subsidiary as of the Closing Date and has not been redesignated by the Borrower in writing as a Restricted Subsidiary in accordance with Section 6.11, and (ii), or is hereafter designated by the Borrower in writing as an Unrestricted Subsidiary in accordance with Section 6.11.

“Wholly Owned Subsidiary” means any Subsidiary all of the Capital Stock or other ownership interests of which (except directors’ qualifying shares) are at the time directly or indirectly owned by the Borrower.

SECTION 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all terms of an accounting character used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP, applied on a basis consistent (except for changes concurred in by the Borrower’s independent public accountants or otherwise required by a change in GAAP) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Lenders, unless with respect to any such change concurred in by the Borrower’s independent public accountants or required by GAAP, in determining compliance with any of the provisions of any of the Loan Documents: (i) the Borrower shall have objected to determining such compliance on such basis at the time of delivery of such financial statements, or (ii) the Required Lenders shall so object in writing within 30 days after the delivery of such financial statements, in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if such objection is made in respect of the first financial statements delivered under Section 5.1, shall mean the financial statements referred to in Section 4.4).

SECTION 1.3. References. Unless otherwise indicated, references in this Agreement to “Articles”, “Exhibits”, “Schedules”, “Sections” and other Subdivisions are references to Articles, exhibits, schedules, sections and other subdivisions hereof.

SECTION 1.4. Use of Defined Terms. All terms defined in this Agreement shall have the same defined meanings when used in any of the other Loan Documents, unless otherwise defined therein or unless the context shall require otherwise.

SECTION 1.5. Terminology.

(a) General. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

(b) Special Corporate Terminology. All references to corporate nature, the capital stock, stockholders, directors, articles or certificate of incorporation and by-laws, or such similar terms, of any Person shall, if such Person is a limited liability company, refer respectively to the limited liability company nature, the equity interest, members, managing member, articles of organization and operating agreement of such Person.

ARTICLE 2

THE CREDITS

SECTION 2.1. Description of Facility. Upon the terms and subject to the conditions set forth in this Agreement, the Lenders hereby grant to the Borrower a revolving credit facility pursuant to which: (i) each Lender severally agrees to make Syndicated Loans to the Borrower in accordance with Section 2.3; (ii) each Lender severally agrees to participate in Facility LCs issued for the account of the Borrower pursuant to Section 2.4; and (iii) each Lender agrees to participate in Swing Line Loans made by the Swing Line Lender to the Borrower pursuant to Section 2.5; provided that, no Lenders shall be required to make any Loans or participate in any Facility LCs or Swing Line Loans where, after giving effect thereto, the Aggregate Outstanding Credit Exposure would exceed the Aggregate Commitment.

SECTION 2.2. Availability of Facility. Subject to the terms and conditions of this Agreement, the revolving credit facility is available from the date of this Agreement to the Facility Termination Date, and the Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date.

SECTION 2.3. Syndicated Advances.

(a) Commitment. From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Syndicated Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding an amount equal to its Commitment less the sum of its Pro Rata Share of all Swing Line Loans and LC Obligations then outstanding. The Commitment by each Lender to lend hereunder shall expire on the Facility Termination Date.

(b) Required Payments; Termination. The Borrower agrees to pay all outstanding Syndicated Advances and all other unpaid Obligations in full on the Facility Termination Date.

(c) Ratable Loans. Each Syndicated Advance hereunder shall consist of Syndicated Loans made from the several Lenders based on their respective Pro Rata Shares of the Aggregate Commitment.

(d) Types of Syndicated Advances. The Syndicated Advances may be Eurodollar Advances, Floating Rate Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.3(f) and 2.3(g).

(e) Minimum Amount of Each Syndicated Advance; Maximum Number of Advances. Each Eurodollar Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof), and each Floating Rate Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof); provided, however, that any Floating Rate Advance may be in the amount of the then-Available Aggregate Commitment, and any Eurodollar Advance may be in the amount of the then-Available Aggregate Commitment so long as such Eurodollar Advance is not less than \$1,000,000; and provided, further, that the total number of Syndicated Advances outstanding at any time shall not exceed nine (9) (with all Floating Rate Advances for purposes of the foregoing limitation being deemed to constitute a single Advance).

(f) Method of Selecting Types and Interest Periods for New Syndicated Advances. The Borrower shall select the Type of Syndicated Advance and, in the case of each Eurodollar Advance, the Interest Period applicable to each such Eurodollar Advance from time to time. The Borrower shall give the Administrative Agent irrevocable notice (a "Syndicated Borrowing Notice") not later than 12:00 noon (Chicago time) at least one Business Day before the Borrowing Date of each Floating Rate Advance and three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Syndicated Advance,
- (ii) the aggregate amount of such Syndicated Advance,
- (iii) the Type of Syndicated Advance selected, and
- (iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than 11:00 a.m. (Chicago time) on each Borrowing Date, each Lender shall make available its Syndicated Loan or Loans, in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article 9. The Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address not later than 12:00 noon (Chicago time) on such date.

(g) Conversion and Continuation of Outstanding Syndicated Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances. Each Eurodollar Advance of any Type shall continue as a Eurodollar Advance of such Type until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such

Eurodollar Advance either continue as a Eurodollar Advance of such Type for the same or another Interest Period or be converted into a Syndicated Advance of another Type. Subject to the terms of Section 2.3(e), the Borrower may elect from time to time to convert all or any part of a Syndicated Advance of any Type into any other Type or Types of Syndicated Advances; provided that any conversion of any Eurodollar Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. The Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Syndicated Advance or continuation of a Eurodollar Advance not later than 12:00 noon (Chicago time) at least one Business Day, in the case of a conversion into a Floating Rate Advance, or three Business Days, in the case of a conversion into or continuation of a Eurodollar Advance, prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date, which shall be a Business Day, of such conversion or continuation;
- (ii) the aggregate amount and Type of Syndicated Advance(s) to be converted or continued; and
- (iii) the amount and Type(s) of Syndicated Advance(s) into which such Syndicated Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurodollar Advance, the duration of the Interest Period applicable thereto.

SECTION 2.4. Facility LCs.

(a) Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby letters of credit (each, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed \$10,000,000, (ii) the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment, and (iii) no more than ten (10) Facility LCs shall then be outstanding. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Facility Termination Date, and (y) one year after its issuance, provided that any Facility LC with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the fifth Business Day prior to the Facility Termination Date).

(b) Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.4, the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

(c) Notice. Subject to Section 2.4(a), the Borrower shall give the LC Issuer notice prior to 12:00 noon (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article 3 (the satisfaction of which the LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

(d) LC Fees. The Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, a letter of credit fee at a per annum rate equal to the Applicable Margin in effect from time to time for Eurodollar Advances on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on each Payment Date (such fee described in this sentence as an "LC Fee"). The Borrower shall also pay to the LC Issuer for its own account (x) at the time of issuance of each Facility LC, a fronting fee in an amount equal to 0.125% of the face amount of such Facility LC, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

(e) Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or Event of Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.4(f) below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Chicago time) on such date, from the next succeeding Business Day) to

the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

(f) Reimbursement by Borrower. The Borrower irrevocably and unconditionally agrees to reimburse the LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by the LC Issuer upon any drawing under any Facility LC, without presentment, demand, protest or other formalities of any kind; *provided* that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the rate applicable to Floating Rate Advances for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of 2% plus the rate applicable to Floating Rate Advances for such day if such day falls after such LC Payment Date. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.4(e). Subject to the terms and conditions of this Agreement (including, without limitation, the submission of a Syndicated Borrowing Notice in compliance with Section 2.3 or a Swing Line Borrowing Notice in compliance with Section 2.5, and the satisfaction of the applicable conditions precedent set forth in Article 3), the Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

(g) Obligations Absolute. The Borrower's obligations under this Section 2.4 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer 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 Facility LC. The Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put the LC Issuer or any Lender under any liability to the Borrower.

(h) Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, Facility LC Application, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document 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, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.4, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

(i) Indemnification. The Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC which specifies that the term "beneficiary" included therein includes any successor by operation of law of the named beneficiary, but which Facility LC does not require that any drawing by any such successor beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; *provided* that the Borrower shall not be required to indemnify any Lender, the LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.4 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

(j) Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnities' gross negligence or willful misconduct or the LC

Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnities may suffer or incur in connection with this Section 2.4 or any action taken or omitted by such indemnities hereunder.

(k) Facility LC Collateral Account. The Borrower agrees that it will, upon the request of the Administrative Agent or the Required Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuer or the Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "Facility LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Article 9, in the name of such Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders and in which such Borrower shall have no interest other than as set forth in Section 7.3. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuer, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding 30 days. Nothing in this Section 2.4 shall either obligate the Administrative Agent to require the Borrower to deposit any funds in the Facility LC Collateral Account or limit the right of the Administrative Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 7.3.

(l) Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

SECTION 2.5. Swing Line Advances.

(a) Commitment. From and including the date of this Agreement and prior to the Facility Termination Date, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of the Swing Line Commitment then in effect, *provided* that immediately after giving effect to any Swing Line Loan, the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. The Borrower shall be entitled to repay and reborrow Swing Line Loans in accordance with the provisions, and subject to the limitations, set forth herein (including the limitations set forth in Section 2.1). The Swing Line Commitment shall expire on the Facility Termination Date.

(b) Required Payments; Termination. The Borrower agrees to pay each Swing Line Advance in full within seven (7) days from the date such Advance is made to the Borrower. The Borrower agrees to pay all outstanding Swing Line Advances in full on the Facility Termination Date.

(c) Types of Swing Line Advances. The Swing Line Advances may be Floating Rate Advances or Quoted Fixed Rate Advances, or a combination thereof, selected by the Borrower in accordance with Section 2.5(e).

(d) Minimum Amount of Each Swing Line Advance. Each Swing Line Advance shall be in the minimum amount of \$500,000 and in multiples of \$100,000 if in excess thereof; *provided, however*, that any Swing Line Advance may be in the amount of the unused portion of the Swing Line Commitment so long as such Advance is not less than \$100,000. Notwithstanding the foregoing, the Borrower shall not be entitled to have outstanding at any time more than five (5) Swing Line Advances.

(e) Method of Selecting Types of Swing Line Advances. Whenever the Borrower desires to obtain a Swing Line Advance, the Borrower shall give the Swing Line Lender (with a copy to the Administrative Agent) prior written notice (or telephonic notice promptly confirmed in writing) of such Swing Line Advance (each a "Swing Line Borrowing Notice"). Each Swing Line Borrowing Notice requesting a Floating Rate Advance shall be given prior to 3:30 p.m. (Chicago time) on the Borrowing Date for such Advance and shall specify the aggregate principal amount of such Advance and the date such Advance is to be made (which shall be a Business Day). Each Swing Line Borrowing Notice requesting a Quoted Fixed Rate Advance shall be given prior to 12:00 noon (Chicago time) on the Borrowing Date and shall specify the aggregate principal amount of such Advance, the date such Advance is to be made (which shall be a Business Day), and the Interest Period to be applicable to such Advance. The Swing Line Lender shall promptly furnish the Borrower (with a copy to the Administrative Agent) with a quotation of the Quoted Fixed Rate being offered with respect to such Swing Line Advance by telephone (promptly confirmed in writing, if requested) or by facsimile transmission. The Borrower shall immediately inform the Swing Line Lender (with a copy to the Administrative Agent) of its decision as to whether to accept the Quoted Fixed Rate and to confirm the borrowing of the Swing Line Advance (which may be done by telephone, promptly confirmed in writing, and which decision shall be irrevocable). If the Borrower has so informed the Swing Line Lender and confirmed the terms of the Swing Line Advance, then no later than 3:30 p.m. (Chicago time) on such date, the Swing Line Lender shall make the principal amount of the Swing Line Advance available to the Administrative Agent in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will make available to the Borrower such amount at the Administrative Agent's address specified in Article 9 by such time. In the event the Swing Line Lender does not make such amount available to the Administrative Agent at the time prescribed above, but such amount is received later that day, such amount may be credited to the Borrower in the manner described in the preceding sentence on the next Business Day (with interest on such amount to begin accruing hereunder on such next Business Day).

(f) Purchase by Lenders of Swing Line Advances. If the Borrower fails to repay a Swing Line Advance when required by Section 2.5(b), then upon request of the Swing Line Lender, each Lender other than the Swing Line Lender shall purchase a participating interest in such Swing Line Advance in an amount equal to its Pro Rata Share of such Swing Line Advance, and the Swing Line Lender shall furnish each Lender with confirmation evidencing such participating interest. Such purchase shall be made on the next Business Day following such

request. On the date of such required purchase, each Lender will immediately transfer to the Swing Line Lender, in immediately available funds, the amount of its participation. If such Swing Line Advance is not outstanding as a Floating Rate Advance at the time of such purchase, such Swing Line Advance shall automatically be converted to, and thereafter bear interest, as a Floating Rate Advance. Whenever, at any time after the Swing Line Lender has received from any such Lender the funds for its participating interest in a Swing Line Advance, the Administrative Agent receives any payment on account thereof, the Administrative Agent will distribute to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded); *provided, however*, that if such payment received by the Administrative Agent is required to be returned, such Lender will return to the Administrative Agent any portion thereof previously distributed by the Administrative Agent to it. Each Lender's obligation to purchase such participating interest shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have against the Swing Line Lender or any other Person for any reason whatsoever, (ii) the occurrence or continuation of a Default or an Event of Default or the termination of any of the Commitments, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any of its Consolidated Subsidiaries, or any other Person, (iv) any breach of this Agreement by the Borrower or by any other Lender, or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 2.6. Fees. The Borrower agrees to pay to the Administrative Agent the following fees:

(a) for the account of each Lender, a facility fee equal to the total Commitment of such Lender in effect from time to time (whether or not used by the Borrower) *multiplied by* the applicable per annum facility fee rate set forth in Section 2.9, payable quarterly in arrears on each Payment Date commencing January 2, 2004, and on the Facility Termination Date;

(b) for the account of each Lender, the outstanding balance of the up-front fees payable on the amount of such Lender's Commitment at the rates agreed to by the Borrower for such Lender.

(c) for the account of the LC Issuer and the Lenders, the fees required by Section 2.4(d), payable on the dates and in the amounts set forth in Section 2.4(d); and

(d) for the account of the Administrative Agent and BOCM, the fees due under the Administrative Agent/Arranger Letter Agreement, payable on the dates and in the amounts as provided therein.

SECTION 2.7. Reductions in Commitments. The Borrower may, at its option, permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in accordance with their Pro Rata Shares, in a minimum amount of \$1,000,000 and in integral multiples of \$1,000,000, upon at least three Business Days' written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; *provided, however*, that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure.

SECTION 2.8. Principal Prepayments. The Borrower may, at its option, from time to time pay, without penalty or premium, any outstanding Floating Rate Advance in full, or in part in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, upon one Business Day's prior notice to the Administrative Agent. Any Fixed Rate Advance may be paid in full, or in part in a minimum aggregate amount of \$1,000,000 (or \$500,000, in the case of a Swing Line Advance) or any integral multiple of \$100,000 in excess thereof, upon three Business Days' prior notice to the Administrative Agent (i) without penalty or premium if paid on the last day of an applicable Interest Period, or (ii) with payment of all applicable amounts specified in Section 2.22 if paid on any other day.

SECTION 2.9. Applicable Margin and Facility Fee Rates. The Applicable Margin set forth below with respect to each Eurodollar Advance and Floating Rate Advance and the applicable rates set forth below for the facility fees payable pursuant to Section 2.6(a) shall be subject to adjustment (upwards or downwards, as appropriate) based on the Borrower's Status as at the end of each Fiscal Quarter in accordance with the table set forth below. The Borrower's Status as at the last day of each Fiscal Quarter shall be determined from the then most recent annual or quarterly financial statements of the Borrower delivered by the Borrower pursuant to Section 5.1(a) or 5.1(b) and the Compliance Certificate delivered by the Borrower pursuant to Section 5.1(c). The adjustment, if any, to the Applicable Margin and the facility fee rates shall be effective for all purposes under this Agreement on and after the second Business Day following the delivery to the Administrative Agent of such financial statements and Compliance Certificate (the "Adjustment Effective Date"). In the event that the Borrower shall at any time fail to furnish to the Lenders such financial statements and Compliance Certificate within the applicable time limitations specified by Section 5.1, then the maximum Applicable Margin and facility fee rates shall apply from the date of such failure until the next Business Day after such financial statements and Compliance Certificate are so delivered. Notwithstanding anything to the contrary contained herein, the Borrower's Status as of the date of this Agreement shall be deemed to be Level IV Status, and the Applicable Margin and facility fee rate shall not be less than the respective percentages shown below for Level IV Status until the Adjustment Effective Date immediately following the Borrower's Fiscal Quarter ending February 28, 2004; thereafter the Applicable Margin and facility fee rate will be adjusted as provided herein.

<u>Status</u>	<u>Applicable Margin for Eurodollar Advances</u>	<u>Applicable Margin for Floating Rate Advances</u>	<u>Applicable Facility Fee Rates</u>
Level I	0.550%	0.000%	0.200%
Level II	0.675%	0.000%	0.200%
Level III	0.750%	0.000%	0.250%
Level IV	1.000%	0.000%	0.250%
Level V	1.125%	0.000%	0.375%
Level VI	1.375%	0.000%	0.375%

SECTION 2.10. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Floating Rate Advance is made or is converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.3(f) to but excluding the date it becomes due or is converted into a Eurodollar Advance pursuant to Section 2.3(f) hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on any Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Fixed Rate Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Fixed Rate Advance. No Interest Period may end after the Facility Termination Date.

SECTION 2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.3 or 2.5, during the continuance of a Default or Event of Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 9.6(a) requiring unanimous consent of the Lenders to changes in interest rates), declare that no Syndicated Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of an Event of Default, the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 9.6(a) requiring unanimous consent of the Lenders to changes in interest rates), declare that (x) each Fixed Rate Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, (y) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate plus 2% per annum, and (z) the LC Fee shall be increased by 2% per annum, *provided* that during the continuance of an Event of Default under Section 7.1(h) or (i), the interest rates and fees set forth in the preceding clauses (x), (y) and (z) shall be applicable to all Credit Extensions without any election or action on the part of the Administrative Agent or the Lenders.

SECTION 2.12. Method of Payment. All payments of the Obligations hereunder shall be made on the date when due, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article 9, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, not later than 2:00 p.m. (Chicago time) or, if the Borrower has given to the Administrative Agent not later than 1:00 p.m. (Chicago time) irrevocable written notice that such payment is being made on such day, then such payment shall be made to the Administrative Agent not later than 3:30 p.m. (Chicago time) on such day. The Administrative Agent will promptly distribute to the Swing Line Lender, the LC Issuer and/or the Lenders, as the case may be, their respective portions of each such payment received by the

Administrative Agent for the account of the Swing Line Lender, LC Issuer, or the Lenders, as the case may be *provided, however*, that if on any date the Borrower shall pay less than the full amount of its Obligations owing to the Lenders on such date, such payment shall be distributed to the Lenders ratably based upon the ratio that the aggregate amount of such Obligations owing to each such Lender on such date bears to the aggregate amount of such Obligations owing to all the Lenders on such date. Each payment delivered to the Administrative Agent for the account of the Swing Line Lender, LC Issuer, or the Lenders, as the case may be, shall be delivered promptly by the Administrative Agent to such Person in the same type of funds that the Administrative Agent received at its address specified pursuant to Article 9 or at any Lending Installation specified in a notice received by the Administrative Agent from such Person. The Administrative Agent is hereby authorized to charge the respective accounts of the Borrower maintained with Bank One for each payment of principal, interest, Reimbursement Obligations, fees and other Obligations as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.12 shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Borrower to the LC Issuer pursuant to Section 2.4(f).

SECTION 2.13. Noteless Agreement; Evidence of Indebtedness

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

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (iii) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, and (iv) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender in a form supplied by the Administrative Agent. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 9.8) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 9.8, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (a) and (b) above.

SECTION 2.14. Telephonic Notices. The Borrower hereby authorizes the Lenders, the Swing Line Lender, and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent, the Swing Line Lender, or any Lender in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent, any Lender or the Swing Line Lender of each telephonic notice signed by an Authorized Financial Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent, the Lenders, or the Swing Line Lender, the records of the Administrative Agent, the Lenders, and the Swing Line Lender shall govern absent manifest error.

SECTION 2.15. Interest Payment Dates; Interest and Fee Basis. The Borrower agrees to pay interest accrued on each Floating Rate Advance on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which the Floating Rate Advance is paid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than a Payment Date shall be payable on the date of conversion. The Borrower agrees to pay interest accrued on each Fixed Rate Advance on the last day of its applicable Interest Period, on any date on which the Fixed Rate Advance is paid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on Fixed Rate Advances, LC Fees, and facility fees shall be calculated for actual days elapsed on the basis of a 360-day year; interest on Floating Rate Advances shall be calculated for actual days elapsed on the basis of a 365 or 366-day year, as applicable. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to the time specified in Section 2.12. If any payment of principal of or interest on an Advance or any fees or other Obligations hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

SECTION 2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Syndicated Borrowing Notice, Conversion/Continuation Notice and repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

SECTION 2.17. Lending Installations. Subject to Section 2.23, each of the Lenders and Swing Line Lender may book its Loans and its participation in any LC Obligations and

Swing Line Loans, and the LC Issuer may book the Facility LCs, at any Lending Installation selected by it and may change its Lending Installation to another Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Notes, Facility LCs, and participations in Facility LCs shall be deemed held by each Lender, Swing Line Lender or LC Issuer, as the case may be, for the benefit of such Lending Installation. Each Lender, Swing Line Lender or LC Issuer, as the case may be, may, by written or telex notice to the Administrative Agent and the Borrower, designate a Lending Installation through which Loans or participations in Facility LCs and Swing Line Loans will be made or booked by it or Facility LCs will be issued by it and for whose account payments are to be made in respect of such Loans, Facility LCs or participations therein.

SECTION 2.18. Non-Receipt of Funds by the Administrative Agent. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or participation in any Facility LC or Swing Line Loan, or (ii) in the case of the Borrower, a payment of principal, interest, Reimbursement Obligation, or fees to the Administrative Agent for the account of the Lenders, LC Issuer, or the Swing Line Lender, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of repayment by a Lender, LC Issuer, or the Swing Line Lender, the Federal Funds Effective Rate for such day or (ii) in the case of repayment by the Borrower, the interest rate applicable to the relevant Loan or Reimbursement Obligation.

SECTION 2.19. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or the compliance of any Lender, Swing Line Lender or LC Issuer therewith,

- (i) subjects any Lender, Swing Line Lender or LC Issuer or its applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding taxation of the overall net income of such Lender, Swing Line Lender or LC Issuer or its applicable Lending Installation imposed by the jurisdiction or taxing authority in which its principal executive office or Lending Installation is located), or changes the basis of taxation of payments to any Lender, Swing Line Lender or LC Issuer in respect of its Loans, Facility LCs, or participations therein, or other amounts due it hereunder, or

- (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender, Swing Line Lender or LC Issuer or its applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or
- (iii) imposes any other condition the result of which is to increase the cost to any Lender, Swing Line Lender or LC Issuer or its applicable Lending Installation of making, funding or maintaining its Loans or of issuing or participating in Facility LCs or Swing Line Loans, or reduces any amount receivable by any Lender, Swing Line Lender or LC Issuer or its applicable Lending Installation in connection with its Loans, Facility LCs or participations therein, or requires any Lender, Swing Line Lender or LC Issuer or its applicable Lending Installation to make any payment calculated by reference to the amount of Loans, Facility LCs or participations therein held or interest received by it, by an amount deemed material by it,

and the result of any of the foregoing is to increase the cost to such Lender, Swing Line Lender, or LC Issuer or its applicable Lending Installation, as the case may be, of making or maintaining its Eurodollar Loans or Commitment or of issuing or participating in Facility LCs or Swing Line Loans or to reduce the return received by such Lender, Swing Line Lender, or LC Issuer or its applicable Lending Installation, as the case may be, in connection with such Eurodollar Loans, Commitment, Facility LCs or participations therein, then, within 15 days of demand by such Lender, Swing Line Lender, or LC Issuer, as the case may be, the Borrower shall pay such Lender, Swing Line Lender, or LC Issuer, such additional amount or amounts as will compensate it for such increased cost or reduction in amount received.

SECTION 2.20. Changes in Capital Adequacy Regulations. If a Lender, Swing Line Lender, or LC Issuer determines the amount of capital required or expected to be maintained by such Lender, Swing Line Lender, or LC Issuer, or its applicable Lending Installation, or any corporation controlling such Lender, Swing Line Lender, or LC Issuer, is increased as a result of a Change, then, within 15 days of demand by such Lender, Swing Line Lender, or LC Issuer, the Borrower shall pay such Lender, Swing Line Lender, or LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender, Swing Line Lender, or LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Facility LCs or Swing Line Loans, as the case may be, hereunder (after taking into account such Lender's, Swing Line Lender's, or LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines, or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender, Swing Line Lender, or LC Issuer or its applicable Lending Installation or any corporation controlling any Lender, Swing Line Lender,

or LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

SECTION 2.21. Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to a Eurodollar Advance does not accurately reflect the cost of making or maintaining such Eurodollar Advance, then the Administrative Agent shall suspend the availability of the Eurodollar Advance and require any Eurodollar Advances to be repaid or promptly converted into a Floating Rate Advance.

SECTION 2.22. Funding Indemnification. If any payment of a Fixed Rate Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or if the Borrower fails to make a prepayment of a Fixed Rate Advance on the date specified in any notice given in respect of such prepayment, or if a Fixed Rate Advance is not made on the date specified by the Borrower in any notice given in respect of such Fixed Rate Advance for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Fixed Rate Advance.

SECTION 2.23. Lending Installation; Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender, Swing Line Lender and LC Issuer shall designate an alternate Lending Installation with respect to its Fixed Rate Loans or Facility LCs or participations therein to reduce any liability of the Borrower to it under Sections 2.19 and 2.20 or to avoid the unavailability of a Type of Advance under Section 2.21, so long as such designation is not disadvantageous to it in its reasonable judgment. If any Lender fails to notify the Borrower of any event or circumstance giving rise to claims by such Lender for compensation payments pursuant to Section 2.19 or 2.20 within 180 days after such Lender has actual knowledge of such event or circumstance, then such Lender shall not be entitled to compensation for any period beginning prior to the date that is 180 days prior to the date the Borrower is notified of such event or circumstance; *provided*, that if the circumstance giving rise to such claim has a retroactive effect, then such Lender shall also be entitled to compensation for the period of such retroactive effect. Each Lender, Swing Line Lender and LC Issuer shall deliver a written statement to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 2.19, 2.20, or 2.22. Such written statement shall set forth in reasonable detail the calculations upon which it determined such amount and shall be conclusive in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Fixed Rate Loan shall be calculated as though such Lender or the Swing Line Lender funded its Fixed Rate Loan through the purchase of a deposit of the type and maturity

corresponding to the deposit used as a reference in determining the Fixed Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any such Lender, Swing Line Lender or LC Issuer shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 2.19, 2.20, and 2.22 shall survive payment of the Obligations and termination of this Agreement.

SECTION 2.24. Taxes.

(a) All payments by the Borrower to or for the account of any Lender, Swing Line Lender, the LC Issuer or the Administrative Agent hereunder or under any Note or Loan or in respect of any Facility LC shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, Swing Line Lender, LC Issuer or the Administrative Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.24) such Lender, Swing Line Lender, LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (iv) the Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(b) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Loan in respect of any Facility LC or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or Facility LC Application ("Other Taxes").

(c) The Borrower hereby agrees to indemnify the Administrative Agent, the LC Issuer, Swing Line Lender, and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 2.24) paid by the Administrative Agent, the LC Issuer, Swing Line Lender, or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent, the LC Issuer, Swing Line Lender, or such Lender makes demand therefor pursuant to this Section 2.24.

(d) Each Lender, Swing Line Lender and LC Issuer that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement (i) deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Non-U.S. Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Borrower and the Administrative Agent a United States Internal Revenue Form W-8 or W-9, as the case may be,

and certifying that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Non-U.S. Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, *unless* 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 Non-U.S. Lender from duly completing and delivering any such form or amendment with respect to it and such Non-U.S. Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(e) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to subsection (d) above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 2.24 with respect to Taxes imposed by the United States; *provided* that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (d) above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(f) Any Non-U.S. Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Loan or in respect of any Facility LC pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(g) If the Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Non-U.S. Lender (because the appropriate form was not delivered or properly completed, because such Non-U.S. Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Non-U.S. Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this subsection, together with all costs and expenses related thereto (including attorneys' fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent). The obligations of the Non-U.S. Lenders under this Section 2.24(g) shall survive the payment of the Obligations and termination of this Agreement.

SECTION 2.25. Extension of Facility Termination Date. The Borrower may request up to two one-year extensions of the Facility Termination Date by submitting on each occasion a request for an extension to the Administrative Agent (each an "Extension Request") no more than 90 days and no less than 60 days prior to the third anniversary and, if such extension is effected, the fourth anniversary, of the Closing Date. Promptly upon receipt of any Extension Request, the Administrative Agent shall notify each Lender thereof and shall request each Lender to approve the Extension Request. Each Lender approving the Extension Request shall deliver its written consent no later than 30 days prior to such third or fourth anniversary, as the case maybe, of the Closing Date. If the approval of each of the Lenders is received by the Administrative Agent by such time, the Facility Termination Date shall be extended in each case by one year, and the Administrative Agent shall promptly notify the Borrower and each Lender of the new Facility Termination Date.

SECTION 2.26. Increase in Aggregate Commitment.

(a) The Borrower shall have the right to request increases in the Aggregate Commitment, on not more than six occasions, up to a total amount not to exceed \$500,000,000 ("Maximum Aggregate Commitment") by providing written notice to the Administrative Agent. The Administrative Agent shall promptly give notice of such request to each Lender (the "Aggregate Commitment Increase Notice"). No Lender shall be obligated to increase its Commitment and the Borrower shall be permitted to bring new Eligible Lenders in to the facility with respect to such increase. Any increase in the Commitments shall be effective as of the date specified pursuant to Section 2.26(c); *provided* that the total Commitments may not at any time exceed the Maximum Aggregate Commitment. If the sum of the Aggregate Commitment then in effect plus the offered Commitments (in the case of each new Eligible Lender that becomes a party to this Agreement (each a "New Lender")) and the amount of offered increases to Commitments (in the case of existing Lenders agreeing to increase their respective Commitments (each an "Existing Lender", and together with the New Lenders, the "Consenting Lenders")) does not exceed the Maximum Aggregate Commitment, the Commitment of each Consenting Lender shall be increased by its offered Commitment (in the case of a New Lender) or offered increase in Commitment (in the case of an Existing Lender) as hereinafter provided. If the sum of the Aggregate Commitment then in effect plus the aggregate offered Commitments from New Lenders and offered increases in Commitments from Existing Lenders exceeds the Maximum Aggregate Commitment, the Commitment of each New Lender shall be, or the Commitment of each Existing Lender shall be increased by, as the case may be, an amount equal to the product of (x) such New Lender's offered Commitment, or such Lender's offered increase in Commitment, as the case may be, multiplied by (y) the quotient of (1) the excess of (A) the Maximum Aggregate Commitment, over (B) the Aggregate Commitment then in effect, divided by (2) the aggregate offered Commitments (in the case of New Lenders) and/or offered increases in Commitments (in the case of Existing Lenders) of all Consenting Lenders.

(b) No increase of the Aggregate Commitment may be effected under this Section 2.26 unless no Default or Event of Default will be in existence on the effective date of such

increase. Upon (i) the execution of a joinder agreement with respect to this Agreement by each New Lender, and acceptance thereof by the Administrative Agent, (ii) the execution and delivery by the Borrower of any Notes requested by each Lender evidencing its Loans, and (iii) delivery of notice to the Lenders by the Administrative Agent setting forth the effective date of the addition of each New Lender hereunder and the amount of such New Lender's Commitment, each such New Lender shall be for all purposes a Lender party to this Agreement to the same extent as if an original party hereto with a Commitment as set forth on the joinder agreement executed by such New Lender; *provided, however*, (x) the total Commitments of all Lenders (including any New Lenders) shall not exceed in the aggregate the Maximum Aggregate Commitment, and (y) the addition of any New Lender(s) shall not otherwise affect the Commitments of the other Lenders.

(c) Effective on the date on which the increase in Commitments pursuant to this Section 2.26 takes effect, which date shall be mutually agreed upon by the Borrower, the Administrative Agent, and each Lender and/or New Lender increasing or providing as the case may be, its Commitment, (i) all Syndicated Loans outstanding hereunder shall be converted into, and shall be advanced as, Eurodollar Loans or Floating Rate Loans (or both) as selected by the Borrower by notice to the Administrative Agent in accordance with the provisions of Section 2.3(g), such that all such Loans are held by the Lenders (including any New Lenders) in the proportion of their Pro Rata Shares, as determined taking into account the increase in the Commitments, and (ii) each New Lender and each other Lender increasing its Commitment shall advance any additional amounts to be advanced by it hereunder, by making funds available to the Administrative Agent in immediately available funds, not later than 11:00 a.m. (Chicago time) on such date. After the Administrative Agent's receipt of such funds, the Administrative Agent shall disburse to the non-Consenting Lenders any resulting repayments of such outstanding Syndicated Loans. If any conversion or payment of a Eurodollar Loan pursuant to the foregoing provisions occurs on a day that is not the last day of the applicable Interest Period, the provisions of Section 2.22 shall apply thereto.

ARTICLE 3

CONDITIONS TO CREDIT EXTENSIONS

SECTION 3.1. Conditions to First Credit Extension. The obligation of each Lender and the Swing Line Lender to make a Loan, and the LC Issuer to issue a Facility LC, on the occasion of the first Credit Extension, is subject to the satisfaction of the conditions set forth in this Section 3.1 and in Section 3.2, and receipt by the Administrative Agent of the following (in sufficient number of counterparts (except as to the Notes)) for delivery of a counterpart to each Lender, Swing Line Lender, and LC Issuer and retention of one counterpart by the Administrative Agent:

(a) from each of the Lenders, either (i) a duly executed counterpart of this Agreement, or (ii) a facsimile transmission of the duly executed counterpart of this Agreement together with a confirmation that such original counterpart is being sent to the Administrative Agent;

(b) a duly executed Syndicated Note for the account of each Lender requesting the same, and a duly executed Swing Line Note for the account of the Swing Line Lender if so requested;

(c) the duly executed Subsidiary Guarantee and Contribution Agreement;

(d) if applicable, the duly executed Pledge Agreement(s), together with any and all certificates representing the Capital Stock pledged thereby, instruments of transfer and stock powers endorsed in blank, and Uniform Commercial Code financing statements in appropriate form with respect thereto;

(e) the opinions of (i) Suellen P. Tornay, general counsel of the Borrower and the Subsidiary Guarantors, and (ii) Alston & Bird LLP, special counsel for the Borrower and the Subsidiary Guarantors, in each case dated as of the date hereof, substantially in the forms of Exhibit G-1 and G-2, respectively, and covering such additional matters relating to the transactions contemplated hereby as the Administrative Agent or any Lender may reasonably request;

(f) a certificate, dated as of the date hereof, signed on behalf of the Borrower by its Authorized Financial Officer, to the effect that (i) no Default or Event of Default has occurred and is continuing on such date, (ii) the representations and warranties of the Borrower contained in Article 4 are true on and as of such date, and (iii) all conditions to such Credit Extension pursuant to this Article 3 have been satisfied as of such date;

(g) all documents which the Administrative Agent or any Lender may reasonably request relating to the existence of the Borrower and each Subsidiary Guarantor, the authority for and the validity of this Agreement, the Notes, the Subsidiary Guarantee, the Contribution Agreement, the Pledge Agreement(s) (if applicable), and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent, including, without limitation, a certificate of the Borrower and each Subsidiary Guarantor signed by the Secretary or an Assistant Secretary of such Person, certifying as to the names, true signatures and incumbency of the officer or officers of such Person authorized to execute and deliver the Loan Documents, and certified copies of the following items: (i) the certificate of incorporation of the Borrower and the certificate or articles of incorporation of each of the Subsidiary Guarantors that is a corporation, (ii) the articles of organization of each of the Subsidiary Guarantors that is a limited liability company, (iii) the partnership agreement of each of the Subsidiary Guarantors that is a partnership, (iv) the by-laws of the Borrower and each of the Subsidiary Guarantors that is a corporation, (v) each operating or management agreement of a Subsidiary Guarantor that is a limited liability company, (vi) a certificate of the Secretary of State of the jurisdiction of organization of the Borrower and the Subsidiary Guarantors as to the good standing of the Borrower and Subsidiary Guarantors in such jurisdiction and, as to the Borrower and each of the Subsidiary Guarantors doing business in Georgia, a certificate of the Secretary of State of Georgia as to its good standing in such jurisdiction, and (vii) the action taken by the respective boards of directors of the Borrower and the Subsidiary Guarantors authorizing the execution, delivery and performance of this Agreement, the Notes, the Subsidiary Guarantee, the Contribution Agreement, the Pledge Agreement(s), and the other Loan Documents to which they are parties;

(h) certified copies of all consents, approvals, authorizations, registrations, filings and orders required to be made or obtained by the Borrower and all Subsidiary Guarantors in connection with the financings evidenced by this Agreement and the other transactions contemplated herein, and all such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any governmental authority in respect of such financings or other transactions shall be ongoing;

(i) the Administrative Agent shall have received satisfactory evidence that the 2001 Credit Agreement shall have been terminated and all amounts thereunder shall have been paid in full;

(j) written money transfer instructions, in substantially the form of Exhibit F hereto, addressed to the Administrative Agent and signed by an Authorized Financial Officer of the Borrower, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested;

(k) an opinion of King & Spalding LLP, special counsel for the Administrative Agent, addressed to the Administrative Agent and the Lenders and dated the date hereof, as to the enforceability of the Loan Documents and covering such additional matters relating to the Loan Documents as the Administrative Agent or any Lender may reasonably request;

(l) a Syndicated Borrowing Notice, Swing Line Borrowing Notice, or request for issuance of a Facility LC, as the case may be; and

(m) all other documents, certificates, and other information as the Administrative Agent may reasonably request.

In addition, each of the following conditions shall have been satisfied on such date:

(n) the Administrative Agent shall have received and completed its satisfactory review of the Financial Statements (Annual), for the Borrower's 2003 Fiscal Year, the Financial Statements (Quarterly) for the Borrower's Fiscal Quarter ending August 31, 2003, and the Pro Forma Financial Statements of the Borrower dated as of May 31, 2003, and such other financial information as the Administrative may have reasonably requested;

(o) since May 31, 2003, there shall have occurred no events, acts, conditions or occurrences of whatever nature, singly or in the aggregate, that have had, or are reasonably expected to have, a Material Adverse Effect;

(p) no actions, suits or other legal proceedings shall be pending or, to the knowledge of the Borrower, threatened, against or affecting the Borrower and seeking to enjoin, restrain, or otherwise challenge or contest the validity of the financing transactions evidenced by this Agreement; and

(q) all fees, costs and expenses (including the fees and expenses of counsel to the Administrative Agent) required to be paid as of the Closing Date to the Administrative Agent and the Lenders shall have been paid and satisfied in full.

SECTION 3.2. Conditions to All Borrowings. The obligation of each Lender, Swing Line Lender and LC issuer to make a Loan or issue or Modify a Facility LC on the occasion of each Credit Extension is subject to the satisfaction of the following conditions:

(a) receipt by the Administrative Agent of a Syndicated Borrowing Notice, Swing Line Borrowing Notice, or request for issuance or Modification of a Facility LC, as the case may be;

(b) the fact that, immediately after such Credit Extension, no Default or Event of Default shall have occurred and be continuing;

(c) the fact that the representations and warranties of the Borrower contained in Article 4 of this Agreement shall be true on and as of the date of such Credit Extension except for changes expressly permitted herein and except to the extent that such representations and warranties relate solely to an earlier date;

(d) the fact that, immediately after such Credit Extension (i) the Outstanding Credit Exposure of each Lender will not exceed the amount of its Commitment, and (ii) the Aggregate Outstanding Credit Exposure of all Lenders will not exceed the amount of the Aggregate Commitment; and

(e) since May 31, 2003, there shall have been no events, acts, conditions or occurrences of whatever nature, singly or in the aggregate, which have had, or could reasonably be expected to have, a Material Adverse Effect (and for purposes of the foregoing, an Acquisition by the Borrower otherwise permitted by the terms of this Agreement shall not be deemed to have such a Material Adverse Effect at the time of the Acquisition thereof).

Each request for a Credit Extension hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such request and the date of such Credit Extension as to the facts specified in paragraphs (b), (c), (d) and (e) of this Section 3.2.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

On the Closing Date, and at such other times as specified in Section 3.2, the Borrower represents and warrants to the Lenders, Swing Line Lender, LC Issuer and the Administrative Agent that:

SECTION 4.1. Existence and Power. The Borrower (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) is, as of the date hereof, duly qualified to transact business in every jurisdiction set forth on Schedule 4.1, and the failure of the Borrower to be so qualified in any other jurisdiction could not reasonably be expected to have or cause a Material Adverse Effect, and (iii) has all powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except where the failure to have any such licenses, authorizations, consents and approvals could not reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.2. Organizational and Governmental Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement and the Notes, and the execution, delivery and performance by the Subsidiary Guarantors and the Borrower, as the case may be, of the Subsidiary Guarantee, Contribution Agreement, Pledge Agreement(s), and the other Loan Documents (i) are within the Borrower's and the Subsidiary Guarantors' powers as a corporation, partnership or limited liability company, as the case may be, (ii) have been duly authorized by all necessary organizational action, (iii) require no action by or in respect of or filing with, any governmental body, agency or official, (iv) do not contravene, or constitute a default under, any provision of applicable law or regulation or of the Borrower's or the Subsidiary Guarantors' organizational documents or of any material agreement, judgment, injunction, order, decree or other material instrument binding upon the Borrower or any of the Subsidiary Guarantors, and (v) do not result in the creation or imposition of any Lien on any asset of the Borrower or any of the Subsidiary Guarantors.

SECTION 4.3. Binding Effect. This Agreement and the Notes constitute a valid and binding agreement of the Borrower enforceable in accordance with its terms, and the Subsidiary Guarantee, Contribution Agreement, Pledge Agreement(s), and the other Loan Documents to which the Borrower and each Subsidiary Guarantor is a party, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of the Borrower and each such Subsidiary Guarantor, as the case may be, enforceable in accordance with their respective terms, *provided* that the enforceability hereof and thereof is subject in each case to general principles of equity and to bankruptcy, insolvency, fraudulent transfer, and similar laws affecting the enforcement of creditors' rights generally.

SECTION 4.4. Financial Information.

(a) The Borrower has heretofore furnished to the Lenders true and correct copies of the audited consolidated balance sheets of the Borrower as of May 31, 2002 and May 31, 2003 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the respective Fiscal Years then ended (collectively, the "2002-2003 Annual Financial Statements"). All such 2002-2003 Annual Financial Statements fairly present in all material respects and in accordance with GAAP the financial position of the respective entities covered by such 2002-2003 Annual Financial Statements and the results of operations and cash flows for such entities for the respective Fiscal Years then ended.

(b) The Borrower has heretofore furnished to the Lenders true and correct copies of the consolidated balance sheet of the Borrower as of August 31, 2003 and the related consolidated statements of income and cash flows for the Fiscal Quarter ending August 31, 2003 (collectively, the "2004 First Quarter Financial Statements"). The 2004 First Quarter Financial Statements fairly present in all material respects and in accordance with GAAP (subject to the absence of notes thereto and normal year-end adjustments) the financial position of the respective entities covered by such 2004 First Quarter Financial Statements and the results of operations and cash flows for such entities for the Fiscal Quarter then ended.

(c) The Borrower has heretofore furnished to the Lenders true and correct copies of the Pro Forma Financial Statements. The Pro Forma Financial Statements fairly present in all material respects the financial position of the respective entities covered by such Pro Forma Financial Statements and the results of operations for such entities for the period covered by such Pro Forma Financial Statements.

(d) Since May 31, 2003, there have been no events, acts, conditions or occurrences, singly or in the aggregate, having or reasonably expected to have or cause a Material Adverse Effect.

SECTION 4.5. No Litigation, Contingent Liabilities; Environmental Liabilities.

(a) There is no action, suit or proceeding pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which could reasonably be expected to have or cause a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries has any material contingent obligations not provided for or disclosed in the financial statements referred to in Section 4.4(a) or delivered to the Lenders pursuant to Section 5.1.

(b) The Borrower and its Subsidiaries are not subject to any Environmental Liabilities, either singly or in the aggregate, that could reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.6. Compliance with ERISA.

(a) The Borrower and each member of the Controlled Group have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC under Title IV of ERISA.

(b) Neither the Borrower nor any member of the Controlled Group is or ever has been obligated to contribute to any Multiemployer Plan.

SECTION 4.7. Compliance with Laws; Taxes. The Borrower and its Subsidiaries are in compliance in all material respects with all applicable laws, regulations and similar requirements of governmental authorities, except where such compliance is being contested in good faith through appropriate proceedings. There have been filed on behalf of the Borrower and its Subsidiaries all Federal, state and local income, excise, property and other tax returns

which are required to be filed by them and all taxes due pursuant to such returns or pursuant to any assessment received by or on behalf of the Borrower or any Subsidiary have been paid or contested as permitted by Section 5.6. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate.

SECTION 4.8. Subsidiaries. Each of the Subsidiaries, if any, listed on Schedule 4.8 is a corporation (or a limited liability company or partnership) duly organized, validly existing and in good standing under the laws of the jurisdiction where it was created and organized, is qualified to transact business in every jurisdiction where the failure of any such Subsidiary to be so qualified could reasonably be expected to have or cause a Material Adverse Effect, and has all powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except where the failure to have any such licenses, authorizations, consents and approvals could not reasonably be expected to have or cause a Material Adverse Effect. As of the date hereof, the Borrower has no Subsidiaries except for those Subsidiaries listed on Schedule 4.8.

SECTION 4.9. Not an Investment Company. Neither the Borrower nor any Subsidiary is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

SECTION 4.10. Ownership of Property; Liens. The Borrower and its Subsidiaries have title to its properties sufficient for the conduct of its business, including without limitation, all properties reflected in the Borrower’s most recent consolidated financial statements provided to the Lenders as described in Section 4.4 or delivered pursuant to Section 5.1, as the case may be (but excluding any such assets sold in the ordinary course of business, or as otherwise expressly permitted by Section 6.8 of this Agreement or consented to in writing by the Required Lenders, subsequent to the date of such financial statements), and none of such properties is subject to any Lien except as permitted by Section 6.7.

SECTION 4.11. No Default. Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any agreement, instrument or undertaking to which it is a party (including, without limitation, the Subsidiary Guarantee) or by which it or any of its property is bound which could reasonably be expected to have or cause a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 4.12. Full Disclosure. All financial statements, reports, certificates, and other information (whether written or, in the case of information furnished by any Authorized Executive Officer, oral) heretofore furnished by or on behalf of the Borrower to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby (excluding any superseded information corrected or updated by delivery to the Administrative Agent, prior to the Closing Date, of corrected, updated or restated information) is, and all such information hereafter furnished by such representatives of the Borrower to the Administrative Agent or any Lender will be, true, accurate and complete in every material respect or based on reasonable estimates on the date as of which such information is stated or certified. The Borrower has disclosed to the Lenders in writing any and all facts known to the Borrower, after due inquiry, which could reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.13. Margin Stock. No part of the proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, or be used for any purpose which violates, or which is inconsistent with, the provisions of Regulation U or Regulation X.

SECTION 4.14. Solvency. After giving effect to the execution and delivery of the Loan Documents, including without limitation, the rights of the Borrower and the Subsidiary Guarantors under the Contribution Agreement, and the making of the Loans under this Agreement, none of the Borrower or the Subsidiary Guarantors will be "insolvent," within the meaning of such term as used in O.C.G.A. § 18-2-22 or as defined in § 101 of Title 11 of the United States Code, as amended from time to time, or be unable to pay their debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated.

SECTION 4.15. Intellectual Property Rights. The Borrower and its Consolidated Subsidiaries own, or are licensed to use, all Intellectual Property necessary for the conduct of their respective businesses as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use of any material Intellectual Property or the validity or effectiveness of any material Intellectual Property, nor does the Borrower or any Consolidated Subsidiary know of any valid basis for any such claim. The use by the Borrower and its Consolidated Subsidiaries of their respective Intellectual Property that is material to their respective businesses does not infringe on the rights of any Person in any material respect.

ARTICLE 5

AFFIRMATIVE COVENANTS

The Borrower agrees that, from and after the Closing Date and for so long as any Lender or Swing Line Lender has any Commitment or Swing Line Commitment hereunder, any Facility LC remains outstanding, or any amount payable under any Loan, Reimbursement Obligation or any other Obligation hereunder remains unpaid:

SECTION 5.1. Information. The Borrower will deliver to each of the Lenders:

(a) as soon as available and in any event within 100 days after the end of each Fiscal Year, Financial Statements (Annual) of the Borrower and its Consolidated Subsidiaries on a consolidated basis, all certified by Deloitte & Touche LLP or other independent public accountants of nationally recognized standing, with such certification to be free of exceptions and going concern or scope of audit qualifications (provided, that delivery pursuant to subsection (g) below of copies of the Annual Report on Form 10-K of the Borrower for such Fiscal Year filed with the Securities and Exchange Commission shall be deemed to satisfy the foregoing requirements of this Section 5.1(a) with respect to the Borrower);

(b) as soon as available and in any event within 50 days after the end of each of the first three quarters of each Fiscal Year, Financial Statements (Quarterly) of the Borrower and its Consolidated Subsidiaries on a consolidated basis, all certified as to fairness of presentation in all material respects, generally accepted accounting principles (subject to the absence of notes thereto and normal year-end adjustments) and consistency by any Authorized Financial Officer of the Borrower (provided, that delivery pursuant to subsection (g) below of copies of the Quarterly Report on Form 10-Q of the Borrower for such Fiscal Quarter filed with the Securities and Exchange Commission shall be deemed to satisfy the foregoing requirements of this Section 5.1(b) with respect to the Borrower);

(c) simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a Compliance Certificate (i) setting forth in reasonable detail the calculations required to establish compliance with the requirements of Sections 5.3 and Sections 6.1 through 6.7 inclusive on the date of such financial statements, (ii) stating whether any Default or Event of Default exists on the date of such certificate and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto and (iii) attaching a schedule showing the exclusion of those items in the financial results and information of the Unrestricted Subsidiaries necessary for calculation of the Leverage Ratio and the Fixed Charge Coverage Ratio;

(d) within five Business Days after the delivery of each set of annual financial statements referred to in subsection (a) above, a statement of the firm of independent public accountants which reported on such statements to the effect that nothing has come to their attention in the course of their audit to cause them to believe that any Default or Event of Default existed on the date of such financial statements;

(e) within five Business Days after any Authorized Executive Officer or Authorized Financial Officer becomes aware of the occurrence of any Default or Event of Default, a certificate of any Authorized Financial Officer or such other Person of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(f) promptly upon the filing thereof, notice of the filing of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and annual, quarterly or monthly reports which the Borrower shall have filed with the Securities and Exchange Commission;

(g) if and when the Borrower or any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any Reportable Event with respect to any Plan which might reasonably be expected to constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such Reportable Event, a copy of the notice of such Reportable Event given or required to be given to the PBGC, (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice, or (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice, in each case where such Reportable Event, withdrawal liability, termination or appointment could reasonably be expected to have or cause a Material Adverse Effect;

(h) from time to time such additional information regarding the financial position or business of the Borrower and its Subsidiaries as the Administrative Agent, at the request of any Lender, may reasonably request;

(i) promptly upon the receipt thereof, a copy of any management letter or management report prepared by the Borrower's independent certified public accountants in conjunction with the financial statements described in Section 5.1(a); and

(j) within five Business Days after an Authorized Executive Officer or Authorized Financial Officer becomes aware of any pending or overtly threatened litigation or other legal proceedings, or any cancellation or termination of any material agreement or receipt or sending of written notice of default or intended cancellation or termination in respect thereof, or the occurrence of any other event or condition that, in any such case, could reasonably be expected to have a Material Adverse Effect, notice of such event.

SECTION 5.2. Inspection of Property, Books and Records. The Borrower will (i) keep, and cause each of its Subsidiaries to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities; and (ii) permit, and cause each of its Subsidiaries to permit, representatives of any Lender, after notice to an officer of the Borrower or Subsidiary, at such Lender's expense during any period in which a Default or Event of Default is not in existence and at the Borrower's expense during any period in which a Default or Event of Default is in existence, to visit (which date of visit shall be two (2) Business Days after the date such request is made or any earlier date as may be mutually agreed by the Borrower and such Lender) and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants. The Borrower agrees to cooperate and assist in such visits and inspections, in each case at such reasonable times and as often as may reasonably be desired. Notwithstanding the foregoing, during any period in which a Default or Event of Default is not in existence, no Lender may engage in (i) more than two inspections per Fiscal Year or (ii) discussions with the Borrower's independent public accountants, unless the Borrower shall have otherwise consented to same.

SECTION 5.3. Additional Subsidiary Guarantors; Additional Pledge Agreements.

(a) If any Domestic Operating Restricted Subsidiary of the Borrower, whether now existing or hereafter organized or acquired, has consolidated revenue in any Fiscal Quarter that exceeds the Single Subsidiary Threshold, then the Borrower shall cause such Domestic Operating Restricted Subsidiary to become an additional Subsidiary Guarantor, as provided in this Section 5.3, within 30 days after delivery of the Financial Statements (Annual) or Financial Statements (Quarterly), as the case may be, with respect to such Fiscal Quarter; *provided, however*, that in those instances where as a result of an Acquisition, or as a result of the sale, contribution, or other transfer of assets to a Subsidiary of the Borrower, the consolidated revenue

of the resulting Domestic Operating Restricted Subsidiary is projected (on a pro forma basis) by the Borrower to exceed the Single Subsidiary Threshold during the current or the immediately succeeding Fiscal Quarter of the Borrower, and such Domestic Operating Restricted Subsidiary is not then a Subsidiary Guarantor, the Borrower shall cause such Domestic Operating Restricted Subsidiary to become an additional Subsidiary Guarantor, as provided in this Section 5.3, within 30 days after the date of such Acquisition, sale, contribution or other transfer of assets.

(b) If any Eligible Pledged Subsidiary, whether now existing or hereafter organized or acquired, has consolidated revenue in any Fiscal Quarter that exceeds the Single Subsidiary Threshold, then the Borrower shall cause the Applicable Pledge Amount of the Capital Stock of such Eligible Pledged Subsidiary to be pledged to the Administrative Agent, for the ratable benefit of the Lenders, the Swing Line Lender, the LC Issuer, and the Administrative Agent, pursuant to a Pledge Agreement as provided in this Section 5.3, within 30 days after delivery of the Financial Statements (Annual) or Financial Statements (Quarterly), as the case may be, with respect to such Fiscal Quarter; *provided, however*, that in those instances where as a result of an Acquisition, or as a result of the sale, contribution, or other transfer of assets to a Subsidiary of the Borrower, the consolidated revenue of the resulting Eligible Pledged Subsidiary is projected (on a pro forma basis) by the Borrower to exceed the Single Subsidiary Threshold during the current or the immediately succeeding Fiscal Quarter of the Borrower, and none of the Capital Stock of such Eligible Pledged Subsidiary is then pledged to the Administrative Agent pursuant to a Pledge Agreement, then the Borrower shall cause the Applicable Pledge Amount of the Capital Stock of such Eligible Pledged Subsidiary to be so pledged to the Administrative Agent pursuant to a Pledge Agreement as provided in this Section 5.3, within 30 days after the date of such Acquisition, sale, contribution or other transfer of assets.

(c) If for any Fiscal Quarter of the Borrower, the aggregate revenues of the Credit Parties (determined on a non-consolidated basis) are less than the Aggregate Subsidiary Threshold, then the Borrower shall cause one or more additional Subsidiaries to become additional Credit Parties within 30 days after delivery of the Borrower's Financial Statements (Annual) or Financial Statements (Quarterly), as the case may be, with respect to such Fiscal Quarter, so that after including the revenues of any such additional Credit Parties, the aggregate revenues of the Credit Parties (determined on a non-consolidated basis) would equal or exceed the Aggregate Subsidiary Threshold for such Fiscal Quarter; *provided, however*, that in those instances where as a result of an Acquisition, or as a result of the sale, contribution, or other transfer of assets to a Subsidiary of the Borrower, or as a result of the sale or other disposition of assets by the Borrower or any Subsidiary (including the sale or other disposition of the Capital Stock of any Subsidiary), the aggregate revenues of the Credit Parties (determined on a non-consolidated basis) are projected (on a pro forma basis) by the Borrower to be less than the Aggregate Subsidiary Threshold during the current or the immediately succeeding Fiscal Quarter of the Borrower, then the Borrower shall cause one or more additional Subsidiaries to become Credit Parties within 30 days after the date of such Acquisition, sale, contribution or other transfer or disposition, so that after including the revenues of any such additional Credit Parties, the aggregate revenues of the Credit Parties (determined on a non-consolidated basis) for such Fiscal Quarter would equal or exceed the Aggregate Subsidiary Threshold.

(d) The Borrower may elect at any time (a) to have a Domestic Operating Restricted Subsidiary become an additional Subsidiary Guarantor as provided in this Section 5.3 and (b) to pledge (or cause a Subsidiary to pledge) the Capital Stock of a Eligible Pledged Subsidiary as provided in this Section 5.3.

(e) Upon the occurrence and during the continuation of any Event of Default, if the Required Lenders so direct, the Borrower shall (i) cause all of its Domestic Operating Restricted Subsidiaries to become additional Subsidiary Guarantors, as provided in this Section 5.3, within 30 days after the Borrower's receipt of written confirmation of such direction from the Administrative Agent, and (ii) cause the Applicable Pledge Amount of the Capital Stock of all Eligible Pledged Subsidiaries to be pledged to the Administrative Agent pursuant to a Pledge Agreement, as provided in this Section 5.3, within 30 days after the Borrower's receipt of written confirmation of such direction from the Administrative Agent.

(f) A Domestic Operating Subsidiary shall become an additional Subsidiary Guarantor by executing and delivering to the Administrative Agent a Subsidiary Guarantee Supplement and a Contribution Agreement Supplement, accompanied by (i) all other Loan Documents related thereto, (ii) certified copies of certificates or articles of incorporation or organization, by-laws, membership operating agreements, and other organizational documents, appropriate authorizing resolutions of the board of directors of such Domestic Operating Subsidiaries, and opinions of counsel comparable to those delivered pursuant to Section 3.1(e), and (iii) such other documents as the Administrative Agent may reasonably request. The Borrower may request that any Subsidiary Guarantor cease to be a Subsidiary Guarantor and be released and discharged from its obligations under the Subsidiary Guarantee or Contribution Agreement so long as the Borrower continues to comply with the thresholds described in subsections (a) and (c) above.

(g) The Applicable Pledge Amount of the Capital Stock of an Eligible Pledged Subsidiary shall be pledged in favor of the Administrative Agent by the execution and delivery to the Administrative Agent of a Pledge Agreement, accompanied by (i) all certificates representing such Capital Stock, instruments of transfer and stock powers endorsed in blank, and Uniform Commercial Code financing statements in appropriate form in respect thereof, and (ii) such other documents as the Administrative Agent may reasonably request (including, without limitation, certified copies of certificates or articles of incorporation or organization, by-laws, membership operating agreements, and other organizational documents, appropriate authorizing resolutions of the Board of Directors of the holders of such Capital Stock, and opinions of counsel comparable to those delivered pursuant to Section 3.1(e)). The Capital Stock of a Pledged Subsidiary shall not be entitled thereafter to be released from such Pledge Agreement, except in connection with a sale of such Capital Stock otherwise expressly permitted pursuant to Section 5.4 or Section 6.7 of this Agreement or at the request of the Borrower so long as the Borrower continues to comply with the thresholds described subsections (a) and (c) above.

SECTION 5.4. Maintenance of Existence. The Borrower shall at all times maintain its existence as a corporation in the jurisdiction of its incorporation. The Borrower shall cause each of its Operating Subsidiaries to maintain its legal existence, and carry on its business in substantially the same industry as the Borrower's Business; provided, that (i) the Borrower may dissolve Subsidiaries from time to time if (x) the Board of Directors of the

Borrower has determined that such dissolution is desirable, and (y) such dissolution could not reasonably be expected to have or cause a Material Adverse Effect, and (ii) the Borrower or any Subsidiary may eliminate or discontinue a business line pursuant to Section 6.7(a).

SECTION 5.5. Use of Proceeds. The proceeds of the Loans shall be used to refinance existing amounts outstanding under the 2001 Credit Agreement, to fund Permitted Acquisitions, and for working capital and other general corporate purposes, in each case to the extent not otherwise prohibited herein. No portion of the proceeds of the Loans will be used by the Borrower (i) in connection with a Non-Negotiated Acquisition of any Existing Lender Client, directly or indirectly, (ii) for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock in violation of Regulations T, U and X, or (iii) for any purpose in violation of any applicable law or regulation.

SECTION 5.6. Compliance with Laws; Payment of Taxes. The Borrower will, and will cause each of its Subsidiaries and each member of the Controlled Group to, comply with applicable laws (including but not limited to ERISA), regulations and similar requirements of governmental authorities (including but not limited to PBGC), except where the necessity of such compliance is being contested in good faith through appropriate proceedings or except where the noncompliance with which could not be reasonably expected to cause or result in a Material Adverse Effect. The Borrower will, and will cause each of its Subsidiaries to, pay, prior to the accrual of any penalty in respect thereof, all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations which, if unpaid, might become a Lien against the property of the Borrower or any Subsidiary, except liabilities being contested in good faith and against which, if reasonably requested by the Administrative Agent, the Borrower will set up reserves in accordance with GAAP or except where the non-payment of which could not be reasonably expected to cause or result in a Material Adverse Effect.

SECTION 5.7. Insurance. The Borrower will maintain, and will cause each of its Subsidiaries to maintain (either in the name of the Borrower or in such Subsidiary's own name), with financially sound and reputable insurance companies, insurance on all its property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies of established repute engaged in the same or similar business.

SECTION 5.8. Maintenance of Property. The Borrower shall, and shall cause each of its Subsidiaries to, (i) maintain all of its material properties and assets in good condition, repair and working order, ordinary wear and tear excepted, and (ii) maintain and keep in full force and effect all material rights in respect of Intellectual Property used in the business of the Borrower and its Subsidiaries, free from any material infringement.

ARTICLE 6

NEGATIVE COVENANTS

The Borrower agrees that, from and after the Closing Date and for so long as any Lender or Swing Line Lender has any Commitment or Swing Line Commitment hereunder, any Facility LC remains outstanding, or any amount payable under any Loan, Reimbursement Obligation or any other Obligation hereunder remains unpaid:

SECTION 6.1. Leverage Ratio. The Leverage Ratio at the end of each Fiscal Quarter shall not be greater than 2.75 to 1.00 for the Fiscal Quarter just ended and the immediately preceding three Fiscal Quarters.

SECTION 6.2. Minimum Consolidated Net Worth. Consolidated Net Worth, as at the end of each Fiscal Quarter, will not be less than the sum of (i) \$286,000,000, plus (ii) 50% of cumulative positive Consolidated Net Income of the Borrower earned in each Fiscal Quarter beginning with the first Fiscal Quarter ending after the Closing Date (taken as one accounting period), but excluding from such calculations of Consolidated Net Income for purposes of clause (ii), any Fiscal Quarters in which the Consolidated Net Income of the Borrower and its Consolidated Subsidiaries is negative, plus (iii) 75% of the cumulative Net Proceeds of Capital Stock received or deemed received during any period after the Closing Date, plus (iv) 100% of the increase to Consolidated Net Worth resulting from the conversion of Debt into equity interests.

SECTION 6.3. Fixed Charge Coverage Ratio. The ratio of (i) Consolidated EBITR to (ii) Consolidated Fixed Charges as at the end of each Fiscal Quarter, shall not be less than 2.50 to 1.00 for the Fiscal Quarter just ended and the immediately preceding three Fiscal Quarters.

SECTION 6.4. Investments; Acquisitions.

(a) Neither the Borrower nor any of its Restricted Subsidiaries shall make Investments in any Persons except the following Investments:

- (i) Investments in existence on the Closing Date and described on Schedule 6.4;
- (ii) advances made by the Borrower and its Restricted Subsidiaries to customers in the ordinary course of their respective businesses;
- (iii) accounts receivable of the Borrower and its Restricted Subsidiaries arising from advances made by them in the ordinary course of their respective businesses;
- (iv) loans and advances (including for travel expenses) to employees not exceeding \$3,500,000 in aggregate principal amount outstanding at any time made in the ordinary course of business;
- (v) cash deposits made in the ordinary course of business pursuant to the requirements of government agencies or public utilities;

(vi) Investments in Credit Parties (including, without limitation, any Person becoming a Credit Party as a result of such Investment pursuant to an Acquisition otherwise expressly permitted pursuant to Section 6.4(b)) or with the prior written consent of the Required Lenders;

(vii) advances by the Borrower or any Subsidiary made in the ordinary course of business to "independent sales organizations" that are parties to certain customer agreements entered into in the ordinary course of business with the Borrower or such Subsidiary;

(viii) Restricted Investments;

(ix) Guarantees by a Credit Party in respect of Debt or other obligations of another Person, to the extent, (A) in the case of Debt of a Restricted Subsidiary, such Debt is permitted pursuant to the terms of Section 6.5, and (B) in the case of Debt of any Person other than a Restricted Subsidiary, the Investment represented by such Guarantee is permitted pursuant to the terms of clause (xii) below;

(x) Investments made pursuant to a Permitted Acquisition;

(xi) Investments in Unrestricted Subsidiaries, provided that at the time of any such Investment and after giving effect thereto, the Borrower shall remain in compliance with the Leverage Ratio and the Fixed Charge Coverage Ratio after giving effect to such Investments; and

(xii) Investments made after the Closing Date other than those described in the preceding clauses (i) through (xi) (excluding subclause (B) of clause (ix) above), provided that the aggregate amount of all Investments pursuant to this clause (xii) does not exceed at any time an amount equal to fifteen percent (15%) of the Consolidated Net Worth of the Borrower as of the end of the Borrower's most recently ended Fiscal Quarter for which financial statements have been made available, or are required to have been made available, to the Administrative Agent;

provided, however, that no additional Investments shall be made as described in clauses (ix) through (xii) above at any time that an Event of Default has occurred and is continuing or would result therefrom (which has not been specifically waived in writing pursuant to Section 9.6).

(b) Without the prior written consent of the Required Lenders, the Borrower will not, nor will it permit any of its Restricted Subsidiaries to, directly or indirectly, effect an Acquisition, unless in each case (i) such Acquisition is of a business or in an industry which is in the Borrower's Business, (ii) the Borrower has satisfied all applicable conditions and requirements for such acquisition to constitute a Permitted Acquisition as provided in the definition of the term "Permitted Acquisition", (iii) such Acquisition is not a Non-Negotiated Acquisition of any Existing Lender Client, and (iv) no Default or Event of Default shall be in existence or be caused thereby (which has not been specifically waived in writing pursuant to Section 9.6).

SECTION 6.5. Restricted Subsidiary Indebtedness.

The Borrower will not permit any of its Restricted Subsidiaries to, create, incur or suffer to exist any Debt, other than:

- (a) the Subsidiary Guarantee;
- (b) Debt existing on the date of this Agreement and described on Schedule 6.5;
- (c) Debt secured by Liens permitted pursuant to the terms of Section 6.6(a)(iii);
- (d) Debt (i) of a Credit Party owing to another Credit Party, and (ii) of a Restricted Subsidiary that is not a Credit Party owing to the Borrower or any other Restricted Subsidiary, provided that the Investment in such Restricted Subsidiary represented by such Debt is permitted pursuant to the terms of Section 6.4;
- (e) Debt constituting Guarantees (i) by Subsidiary Guarantors of Permitted Pari Passu Debt and (ii) by Credit Parties to the extent such Guarantees are permitted pursuant to the terms of Section 6.4;
- (f) Debt arising from the renewal or extension of any Debt described in clauses (b) and (c) above, provided that the amount of such Debt is not increased and any Liens securing such Debt attached only to the assets previously serving as collateral for such Debt prior to such renewal or extension;
- (g) Debt owing by a Restricted Subsidiary of the Borrower that was in existence at the time such Person first became a Restricted Subsidiary of the Borrower, or at the time such Person was merged into or consolidated with a Restricted Subsidiary, which Debt was not created or incurred in contemplation of such event, provided that such Debt is at the time permitted pursuant to the terms of Section 6.4 (in the case of the Investment in such Restricted Subsidiary represented by any Debt owing to the Borrower or a Restricted Subsidiary) and pursuant to the terms of Section 6.6 (in the case of any Debt secured by any Liens on assets of such Restricted Subsidiary); and
- (h) Other unsecured Debt of any Restricted Subsidiaries not described in clauses (a) through (g) above in an aggregate principal amount outstanding at any time not to exceed ten percent (10%) of the Consolidated Net Worth of the Borrower as at the end of the Borrower's most recently ended Fiscal Quarter for which financial statements have been made available, or are required to have been made available, to the Administrative Agent.

SECTION 6.6. Negative Pledge. Neither the Borrower nor any of its Restricted Subsidiaries will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except for the following.

(a) (i) Liens existing on the date of this Agreement and described on Schedule 6.6 securing Debt outstanding on the date of this Agreement;

(ii) Liens existing on any asset of any Person at the time such Person becomes a Restricted Subsidiary, or at the time such Person was merged into or consolidated with the Borrower or a Restricted Subsidiary, which Lien was not created in contemplation of such event and, if such Lien secures Debt of a Restricted Subsidiary, such Debt is permitted pursuant to the terms of Section 6.5(g); and

(iii) Liens on any asset securing Debt (including, without limitation, a Capitalized Lease) incurred or assumed for the purpose of financing all or any part of the cost of acquiring or constructing such asset, provided that such Lien (i) attaches to such asset (and no other asset) concurrently with or within 18 months after the acquisition or completion of construction thereof, and (ii) secures solely such Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring or constructing such asset;

provided that the aggregate amount of Debt secured by Liens permitted pursuant to clauses (i) through (iii) of this Section 6.6(a) (excluding the Debt in the amount of \$125,000,000 maturing on November 30, 2003, owing to the sellers in connection with the DolEx Acquisition and secured by pledges of Capital Stock of DolEx and LAMS) shall at no time exceed \$55,000,000 at any time outstanding;

(b) Liens securing Permitted Pari Passu Indebtedness, provided that all requirements and conditions set forth in the definition of the term "Permitted Pari Passu Indebtedness" shall be satisfied at all times any such Liens are in effect;

(c) Liens securing Debt owing by the Borrower to any Credit Party; and Liens securing Debt owing by any Restricted Subsidiary to any Credit Party where such Debt owing by such Restricted Subsidiary (and the Investment in such Restricted Subsidiary represented by such Debt) are permitted pursuant to the terms of Sections 6.4 and 6.5;

(d) Liens arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses (a) through (c) of this Section, *provided* that (i) such Debt is not secured by any additional assets, and (ii) the amount of such Debt secured by any such Lien is not increased;

(e) Liens incidental to the conduct of its business or the ownership of its assets, including, without limitation, Liens of materialmen and landlords, which (i) do not secure Debt and (ii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(f) Liens in respect of any taxes which are either (x) not, as at any date of determination, due and payable or (y) being contested in good faith as permitted by Section 5.6;

(g) Liens in respect of judgments or awards not otherwise constituting a Default or Event of Default under this Agreement for which appeals or proceedings for review are being prosecuted and in respect of which a stay of execution upon any such appeal or proceeding for review shall have been secured, *provided* that such Person shall have established reserves which are adequate under GAAP for such judgments or awards; and

(h) Liens securing obligations arising under Settlement Facilities and attaching only to those receivables payable in respect of such Settlement Facilities.

SECTION 6.7. Consolidations, Mergers and Sales of Assets

The Borrower will not, nor will it permit any of its Restricted Subsidiaries to, consolidate or merge with or into, or effect any Asset Sale to, any other Person, or discontinue or eliminate any Operating Subsidiary or business segment, *provided* that:

(a) the Borrower may merge with another Person if (i) such Person was organized under the laws of the United States of America or one of its states, (ii) the Borrower is the corporation surviving such merger and (iii) immediately after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing;

(b) Restricted Subsidiaries may merge with, and sell assets to, one another and the Borrower, provided that the surviving Person or transferee in any such transaction is a Credit Party or, if such surviving Person or transferee is not a Credit Party, then after giving effect to such transaction, the Borrower shall be in compliance with the requirements of Section 5.3 and Section 6.4;

(c) the Borrower and its Subsidiaries may eliminate or discontinue business lines and segments from time to time if (i) such action has been approved by the Board of Directors of the Borrower, and (ii) such elimination or discontinuance will not jeopardize the Borrower's ability to perform under any of the Loan Documents;

(d) so long as no Event of Default shall then have occurred and be continuing or would result therefrom, the Borrower and its Restricted Subsidiaries may effect any Asset Sale so long as the value of the assets sold (measured at the book value for such assets) pursuant to all such Asset Sales during any Fiscal Year does not exceed ten percent (10%) of the book value of the consolidated total assets of the Borrower as of the end of the immediately preceding Fiscal Year; and

(e) Restricted Subsidiaries which are formed for the sole purpose of (1) merging into Persons that will become Subsidiaries or (2) acquiring the assets or stock (or in the case of a limited liability company, the members' equivalent equity interests) of Persons and thereafter becoming Subsidiaries, may merge with such Persons or consolidate those Persons' assets with the assets of those Subsidiaries so long as such acquisitions and related transactions are otherwise permitted by this Agreement.

SECTION 6.8. Limitation on Payment Restrictions Affecting Subsidiaries. The Borrower will not, nor will it permit any of its Restricted Subsidiaries to, create or otherwise cause or suffer to exist or become effective, any consensual encumbrance or restriction (excluding any such encumbrance or restriction under this Agreement) on the ability of any such Restricted Subsidiary to (i) pay dividends or make any other distributions on any of its Capital Stock, (ii) pay any amounts owing to the Borrower or any of its Restricted Subsidiaries, or (iii) grant any Liens on any of its assets to secure any of the Obligations under this Agreement, except (A) any such encumbrance or restriction with respect to the granting of Liens imposed by a lessor under any Capitalized Lease or by a lender extending purchase money financing in respect of any asset or assets of the Borrower or any Restricted Subsidiary, so long as such encumbrances or restrictions does not so encumber or restrict any other assets or property of the Borrower or any Restricted Subsidiary, (B) any such encumbrance or restriction set forth in Permitted Pari Passu Indebtedness, (C) any such existing encumbrances or restrictions in any Debt of a Restricted Subsidiary permitted pursuant to the terms of Section 6.5(g), or Debt of the Borrower resulting from the merger or consolidation of another Person into or with the Borrower, which Debt existed at the time of such merger or consolidation and was not created or incurred in contemplation of such event, and (D) those encumbrances or restrictions more particularly described in Schedule 6.8.

SECTION 6.9. Transactions with Affiliates. Except for those agreements more particularly described on Schedule 6.9, neither the Borrower nor any of its Restricted Subsidiaries shall enter into, or be a party to, any transaction with any Affiliate of the Borrower or such Restricted Subsidiary (which Affiliate is not a Credit Party), except as permitted by law and in the ordinary course of business and pursuant to reasonable terms which are no less favorable to the Borrower or such Restricted Subsidiary than would be obtained in a comparable arm's length transaction with a Person which is not an Affiliate.

SECTION 6.10. Lines of Business. Neither the Borrower nor any of its Restricted Subsidiaries shall conduct or enter into any business, either directly or through any other Restricted Subsidiary, except for the Borrower's Business.

SECTION 6.11. Designation of Unrestricted Subsidiaries. The Borrower shall not designate or redesignate any Unrestricted Subsidiary as a Restricted Subsidiary, or designate or redesignate any Restricted Subsidiary as an Unrestricted Subsidiary, unless (i) the Borrower shall have given not less than five (5) Business Days' prior written notice to the Administrative Agent that such designation or redesignation is to be made, (ii) at the time of such designation or redesignation, and immediately after giving effect thereto, the Borrower shall be in compliance on a pro forma basis with the financial covenants set forth in Sections 6.1 and 6.3, and no other Default or Event of Default would exist or result therefrom, (iii) in the case of the designation of a Restricted Subsidiary as an Unrestricted Subsidiary and after giving effect thereto, such Unrestricted Subsidiary so designated shall not, directly or indirectly, own a majority of the Capital Stock of the Borrower or any other Restricted Subsidiary, and (iv) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary, and after giving effect thereto, all outstanding Debt, Investments, and Liens of such Restricted Subsidiary so designated shall otherwise be expressly permitted within the applicable limitations of Sections 6.4, 6.5 and 6.6.

SECTION 6.12. Accounting Changes. The Borrower will not, and will not permit any Restricted Subsidiary to, make any significant change in accounting practices, except as required or permitted by GAAP.

ARTICLE 7

DEFAULTS

SECTION 7.1. Events of Default. Each of the following events (“Events of Default”) shall constitute an Event of Default under this Agreement:

- (a) the Borrower shall fail to pay when due any principal of any Loan, or shall fail to pay any Reimbursement Obligation within one Business Day after such obligation shall become due, or shall fail to pay any interest on any Loan within three Business Days after such interest shall become due, or shall fail to pay any fee or other amount payable hereunder within three Business Days after such fee or other amount becomes due; or
- (b) the Borrower shall fail to observe or perform any covenant contained in Section 5.1(e), Section 5.2(ii), Section 5.4, Sections 6.1 through 6.12 inclusive; or
- (c) the Borrower shall fail to observe or perform any covenant or agreement contained or incorporated by reference in this Agreement (other than those covered by paragraph (a) or (b) above) and such failure shall not have been cured within 30 days after the earlier to occur of (i) written notice thereof has been given to the Borrower by the Administrative Agent at the request of any Lender or (ii) any Authorized Executive Officer or Authorized Financial Officer of the Borrower otherwise becomes aware of any such failure; or
- (d) any representation, warranty, certification or statement made or incorporated by reference in Article 4 hereof, in any other Loan Document, or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect or misleading in any material respect when made (or deemed made); or
- (e) the Borrower or any of its Subsidiaries shall fail to make any payment in respect of Debt outstanding in the aggregate principal amount of \$25,000,000 or greater (other than (i) the Loans and (ii) Debt held by the Borrower owed by a Consolidated Subsidiary or Debt held by a Consolidated Subsidiary owed by the Borrower) when due or within any applicable grace period; or
- (f) an “Event of Default” shall occur under any of the other Loan Documents and any applicable cure period shall have expired; provided, that, should any such “Event of Default” be waived by the Required Lenders (or, if required by Section 9.6(a) or the terms of such other Loan Document, all Lenders), then, such waiver shall operate as a waiver of an Event of Default arising under this Section 7.1(f) as a result of same; or

(g) any event or condition shall occur which results in the acceleration of the maturity of Debt outstanding of the Borrower or any of its Subsidiaries (other than (i) the Loans and (ii) Debt held by the Borrower owed by a Consolidated Subsidiary or Debt held by a Consolidated Subsidiary owed by the Borrower) in the aggregate principal amount of \$25,000,000 or greater (including, without limitation, any "put" of such Debt to the Borrower or any of its Subsidiaries) or enables (or, with the giving of notice or lapse of time or both, would enable) the holders of such Debt or any Person acting on such holders' behalf to accelerate the maturity thereof (including, without limitation, any "put" of such Debt to the Borrower or any of its Subsidiaries); or

(h) the Borrower or any of its Subsidiaries shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(i) an involuntary case or other proceeding shall be commenced against the Borrower or any of its Subsidiaries seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower or any of its Subsidiaries under the federal bankruptcy laws as now or hereafter in effect; or

(j) the Borrower or any member of its Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by the Borrower, any member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c) (5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or the Borrower or any other member of its Controlled Group shall be obligated to contribute to, terminate its participation in, or incur any withdrawal liability with respect to, a Multiemployer Plan; provided, that no Default or Event of Default shall arise under this paragraph (j) so long as the maximum potential liability to the Borrower or any member of its Controlled Group shall be not greater than \$25,000,000; or

(k) one or more judgments or orders for the payment of money, federal tax liens, and/or liens of the PBGC under Section 4068 of ERISA, in an aggregate amount in excess of \$25,000,000, shall be rendered or filed against the Borrower or any of its Subsidiaries and such judgments, orders, federal tax liens and liens of the PBGC shall continue unsatisfied, unreleased and unstayed for a period of 60 days; or

(l) (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or "group" (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of 50% or more of the outstanding shares of the voting stock of the Borrower; or (ii) during any period of up to 12 months, individuals who at the beginning of such 12 month period were directors of the Borrower (together with any new directors whose election or nomination for election by the Borrower's board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute at least a majority of the directors of the Borrower then in office); or (iii) the occurrence of any sale, lease, exchange or other transfer (in a single transaction or series of related transactions) of all or substantially all of the assets of the Borrower to any Person or "group" (as defined above); or

(m) (i) the Subsidiary Guarantee or any Pledge Agreement shall cease to be enforceable or (ii) the Borrower or any Subsidiary shall assert that any Loan Document is not enforceable.

SECTION 7.2. Notice of Default. The Administrative Agent shall give notice to the Borrower of any Default under Section 7.1(c) promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders thereof.

SECTION 7.3. Termination of Commitments; Acceleration; Facility LC Collateral Account

(a) If any Default or Event of Default described in Section 7.1(h) or 7.1(i) occurs with respect to the Borrower, the obligations of the Lenders (including the Swing Line Lender) to make Loans hereunder and the obligation of the LC Issuer to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, the LC Issuer, the Swing Line Lender, or any Lender, and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default or Event of Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders (including the Swing Line Lender) to make Loans hereunder and the obligation of the LC Issuer to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this

Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(b) If at any time while any Default or Event of Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may (and at the direction of the Required Lenders shall) make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(c) The Administrative Agent may (and at the direction of the Required Lenders shall) at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Obligations and any other amounts as shall from time to time have become due and payable by the Borrower to the Lenders (including the Swing Line Lender) or the LC Issuer under the Loan Documents.

(d) At any time while any Default or Event of Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment (including the Swing Line Commitment) has been terminated, any fund remaining in the Facility LC Collateral Account shall be returned by the Administrative Agent to the Borrower or paid to whomever may be legally entitled thereto at such time.

ARTICLE 8

THE ADMINISTRATIVE AGENT

SECTION 8.1. Appointment; Powers and Immunities. Each Lender and the LC Issuer hereby irrevocably appoints and authorizes the Administrative Agent to act as its Administrative Agent hereunder and under the other Loan Documents with such powers as are specifically delegated to the Administrative Agent by the terms hereof and thereof, together with such other powers as are reasonably incidental thereto. The Administrative Agent: (a) shall have no duties or responsibilities except as expressly set forth in this Agreement and the other Loan Documents, and shall not by reason of this Agreement or any other Loan Document be a trustee for any Lender; (b) shall not be responsible to the Lenders for any recitals, statements, representations or warranties contained in this Agreement or any other Loan Document, or in any certificate or other document referred to or provided for in, or received by any Lender under, this Agreement or any other Loan Document, or for the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or for any failure by the Borrower to perform any of its obligations hereunder or thereunder; (c) shall not be required to initiate or conduct any litigation or collection proceedings hereunder or under any other Loan Document except to the extent requested by the Required Lenders, and then only on terms and conditions satisfactory to the Administrative Agent, and (d) shall not be responsible for any action taken or

omitted to be taken by it hereunder or under any other Loan Document or any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct. The Administrative Agent may employ Administrative Agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such Administrative Agents or attorneys-in-fact selected by it with reasonable care. The provisions of this Article 8 are solely for the benefit of the Administrative Agent and the Lenders, and the Borrower shall not have any rights as a third party beneficiary of any of the provisions hereof, other than the right of the Borrower to consent to the appointment of a successor Administrative Agent as set forth in the second sentence of Section 8.9. In performing its functions and duties under this Agreement and under the other Loan Documents, the Administrative Agent shall act solely as Administrative Agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Borrower. The duties of the Administrative Agent shall be ministerial and administrative in nature, and the Administrative Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender.

SECTION 8.2. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telefax, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants or other experts selected by the Administrative Agent. As to any matters not expressly provided for by this Agreement or any other Loan Document, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and thereunder in accordance with instructions signed by the Required Lenders, and such instructions of the Required Lenders in any action taken or failure to act pursuant thereto shall be binding on all of the Lenders.

SECTION 8.3. Defaults. The Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default or an Event of Default (other than the nonpayment of principal of or interest on the Loans) unless the Administrative Agent has received notice from a Lender or the Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that the Administrative Agent receives such a notice of the occurrence of a Default or an Event of Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall give each Lender prompt notice of each nonpayment of principal of or interest on the Loans whether or not it has received any notice of the occurrence of such nonpayment. The Administrative Agent shall (subject to Section 8.8 and Section 9.6) take such action hereunder with respect to such Default or Event of Default as shall be directed by the Required Lenders, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION 8.4. Rights of Administrative Agent as a Lender. With respect to the Loans made by it, Bank One in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as

the Administrative Agent, and the term “Lender” or “Lenders” shall, unless the context otherwise indicates, include Bank One in its individual capacity. The Administrative Agent may (without having to account therefor to any Lender) accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with the Borrower and any of its Affiliates) as if it were not acting as the Administrative Agent, and the Administrative Agent may accept fees and other consideration from the Borrower (in addition to any agency fees and arrangement fees heretofore agreed to between the Borrower and the Administrative Agent) for services in connection with this Agreement or any other Loan Document or otherwise without having to account for the same to the Lenders.

SECTION 8.5. Indemnification. Each Lender severally agrees to indemnify the Administrative Agent, to the extent the Administrative Agent shall not have been reimbursed by the Borrower, ratably in accordance with its Pro Rata Share, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, without limitation, counsel fees and disbursements) or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Loan Document or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (excluding, unless an Event of Default has occurred and is continuing, the normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or thereof or any such other documents; provided, however that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Administrative Agent. If any indemnity furnished to the Administrative Agent for any purpose shall, in the opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished.

SECTION 8.6. Payee of Note Treated as Owner. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Administrative Agent and the provisions of Section 9.8(c) have been satisfied. Any requests, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee or assignee of that Note or of any Note or Notes issued in exchange therefor or replacement thereof.

SECTION 8.7. Nonreliance on Administrative Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrower and decision to enter into this Agreement and that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any of the other Loan Documents. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by the Borrower of this Agreement or any of the

other Loan Documents or any other document referred to or provided for herein or therein or to inspect the properties or books of the Borrower or any other Person. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder or under the other Loan Documents, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of the Borrower or any other Person (or any of their Affiliates) which may come into the possession of the Administrative Agent.

SECTION 8.8. Failure to Act. Except for action expressly required of the Administrative Agent hereunder or under the other Loan Documents, the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction by the Lenders of their indemnification obligations under Section 8.5 against any and all liability and expense which may be incurred by the Administrative Agent by reason of taking, continuing to take, or failing to take any such action.

SECTION 8.9. Resignation or Removal of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower and the Administrative Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent, provided that so long as no Event of Default shall have occurred and be continuing, such appointment shall be subject to the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent's notice of resignation or the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent. Any successor Administrative Agent shall be a bank which has a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article 8 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder.

ARTICLE 9

MISCELLANEOUS

SECTION 9.1. Notices.

(a) All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, telecopier or similar writing) and shall be given to such party at its address or telecopier or telex number set forth on the signature pages hereof or such other address or telecopier or telex number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by telecopier or telex, when such telecopier or telex is transmitted to the telecopier or telex number specified in this Section and the appropriate confirmation or answerback is received, (ii) if given by certified mail return-receipt requested, on the date set forth on the receipt (provided, that any refusal to accept any such notice shall be deemed to be notice thereof as of the time of any such refusal), addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Administrative Agent under Article 2 shall not be effective until received.

(b) Notices and other communications to the Lenders may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent or as otherwise determined by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, provided that such determination or approval may be limited to particular types of notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

SECTION 9.2. No Waivers. No failure or delay by any party to this Agreement in exercising any right, power or privilege hereunder or under any Note, Subsidiary Guarantee, Pledge Agreement or other Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.3. Expenses; Documentary Taxes. The Borrower shall pay (i) all reasonable out-of-pocket costs and expenses of the Administrative Agent, including the fees and disbursements of Administrative Agent's counsel (including King & Spalding LLP), in connection with the preparation of this Agreement and the other Loan Documents, any waiver or consent hereunder or thereunder or any amendment hereto or thereto, and (ii) if a Default or

Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Administrative Agent, or any Lender, Swing Line Lender or LC Issuer, including reasonable fees and disbursements of counsel, in connection with such Default and collection and other enforcement proceedings resulting therefrom, including reasonable out-of-pocket expenses incurred in enforcing this Agreement and the other Loan Documents. The Borrower shall indemnify the Administrative Agent and each Lender against any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or any other Loan Documents.

SECTION 9.4. Indemnification.

(a) The Borrower shall indemnify the Administrative Agent, the Lenders, the Swing Line Lender, the LC Issuer, and each affiliate thereof and their respective directors, officers, and employees (each an "Indemnified Party") from, and hold each of them harmless against, any and all losses, liabilities, claims or damages to which any of them may become subject, insofar as such losses, liabilities, claims or damages arise out of or result from any actual or proposed use by the Borrower of the proceeds of any Credit Extension or any Facility LC hereunder or breach by the Borrower of this Agreement or any other Loan Document or from any investigation, litigation or other proceeding (including any threatened investigation or proceeding) relating to the foregoing (an "Indemnity Proceeding"), and the Borrower shall reimburse each Indemnified Party, upon demand (but no more frequently than every Fiscal Quarter) for any reasonable expenses (including, without limitation, reasonable legal fees) incurred in connection with any such investigation or proceeding ("Claims and Expenses"); but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Indemnified Party; provided, that should the Borrower pay any amounts to the Administrative Agent, the Lenders, Swing Line Lender, or LC Issuer due to this Section, and it shall be determined that the harm being indemnified against resulted from the Administrative Agent's or any Lender's, Swing Line Lender's, or LC Issuer's gross negligence or willful misconduct, then such party receiving such payment shall rebate such payment to the Borrower, together with interest thereon accruing at the Federal Funds Rate from the date such payment was made until the date such rebate is received by the Borrower (calculated for the actual number of days elapsed on the basis of a 365 day year).

(b) If the Borrower is required to indemnify an Indemnified Party pursuant hereto and has provided evidence reasonably satisfactory to such Indemnified Party that the Borrower has the financial wherewithal to reimburse such Indemnified Party for any amount paid by such Indemnified Party with respect to such Indemnity Proceeding, such Indemnified Party shall not settle or compromise any such Indemnity Proceeding without the prior written consent of the Borrower (which consent shall not be unreasonably withheld or delayed).

(c) If a claim is to be made by an Indemnified Party under this Section, the Indemnified Party shall give written notice to the Borrower promptly after the Indemnified Party receives actual notice of any Claims and Expenses incurred or instituted for which the indemnification is sought; provided, that, the failure to give such prompt notice shall not decrease the Claims and Expenses payable by the Borrower, except to the extent that such failure has caused the Borrower to forfeit any substantive right of a material nature. If requested by the

Borrower in writing, and so long as (i) no Event of Default shall have occurred and be continuing and (ii) the Borrower has acknowledged in writing to the Indemnified Party that the Borrower shall be obligated under the terms of its indemnity hereunder in connection with such Indemnity Proceeding (subject to the exclusion of any losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Indemnified Party), the Borrower may, at its election, conduct the defense of any such Indemnified Proceeding to the extent such contest may be conducted in good faith on legally supported grounds. If any lawsuit or enforcement action is filed against any Indemnified Party entitled to the benefit of indemnity under this Section, written notice thereof shall be given to the Borrower as soon as practicable (and in any event within 15 days after the service of the citation or summons). Notwithstanding the foregoing, the failure so to notify the Borrower as provided in this Section will not relieve the Borrower from liability hereunder. After such notice, the Borrower shall be entitled, if they so elect, to take control of the defense and investigation of such lawsuit or action and to employ and engage counsel of their own choice reasonably acceptable to the Indemnified Party to handle and defend the same, at the Borrower's cost, risk and expense; provided however, that the Borrower and its counsel shall proceed with diligence and in good faith with respect thereto. If (i) the engagement of such counsel by the Borrower would present a conflict of interest which would prevent such counsel from effectively defending such action on behalf of the Indemnified Party, (ii) the defendants in, or targets of, any such lawsuit or action include both the Indemnified Party and Borrower, and the Indemnified Party reasonably concludes that there may be legal defenses available to it that are different from or in addition to those available to the Borrower, (iii) the Borrower fails to assume the defense of the lawsuit or action or to employ counsel reasonably satisfactory to such Indemnified Party, in either case in a timely manner, or (iv) an Event of Default shall occur and be continuing, then such Indemnified Party may employ separate counsel to represent or defend it in any such action or proceeding and the Borrower will pay the fees and disbursements of such counsel; provided, however that each Indemnified Party shall, in connection with any matter covered by this Section which also involves other Indemnified Parties, use reasonable efforts to avoid unnecessary duplication of efforts by counsel for all indemnities. Should the Borrower be entitled to conduct the defense of any Indemnity Proceeding pursuant to the terms of this Section, the Indemnified Party shall cooperate (with all Claims and Expenses associated therewith to be paid by the Borrower) in all reasonable respects with the Borrower and such attorneys in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom; provided, however that the Indemnified Party may, at its own cost (except as set forth in, and in accordance with, the foregoing sentence), participate in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom.

(d) The Administrative Agent, LC Issuer, Swing Line Lender and each Lender agree that in the event that any Indemnity Proceeding is asserted or threatened in writing or instituted against it or any other party entitled to indemnification hereunder, the Administrative Agent, LC Issuer, Swing Line Lender or such Lender shall promptly notify the Borrower thereof in writing and agree, to the extent appropriate, to consult with the Borrower with a view to minimizing the cost to the Borrower of its obligations under this Section; provided that the failure to so notify the Borrower will not relieve the Borrower from liability hereunder except to the extent such failure has caused the Borrower to forfeit any substantive right of a material nature.

SECTION 9.5. Sharing of Setoffs. Each of the Lender (including the Swing Line Lender) agrees that if it shall, by exercising any right of setoff or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest owing with respect to the Loans held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of all principal and interest owing with respect to the Loan held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Lenders owing to such other Lenders, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Lenders owing to such other Lenders shall be shared by the Lenders pro rata; provided that (i) nothing in this Section shall impair the right of any Lender to exercise any right of setoff or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Loans, and (ii) if all or any portion of such payment received by the purchasing Lender is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price of such participation to the extent of such recovery together with an amount equal to such other Lender's ratable share (according to the proportion of (x) the amount of such other Lender's required repayment to (y) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Loan, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of setoff or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

SECTION 9.6. Amendments and Waivers.

(a) Except as otherwise specifically provided herein, any provision of this Agreement or any other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Lenders (and, if the rights, commitments, or duties of the Administrative Agent, Swing Line Lender or LC Issuer are affected thereby, by the Administrative Agent, Swing Line Lender, or LC Issuer, as the case may be); provided that, no such amendment or waiver shall, unless signed by all Lenders, (i) change the Commitment or Swing Line Commitment of any Lender or Swing Line Lender or subject any Lender or Swing Line Lender to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan, Reimbursement Obligation, or any fees hereunder (other than fees payable under the Administrative Agent/Arranger Letter Agreement), (iii) extend the date fixed for any payment of principal of or interest on any Loan, Reimbursement Obligation, or any fees (other than fees payable under the Administrative Agent/Arranger Letter Agreement) hereunder, (iv) reduce the amount of principal, interest, Reimbursement Obligation, or fees due on any date fixed for the payment thereof, (v) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Obligations, or the number of Lenders, which shall be required for the Lenders or any of them to take any action under this Section or any other provision of this Agreement, (vi) change the manner of application of any payments made under this Agreement, (vii) reduce any obligation owed under or release any Subsidiary Guarantee (except as permitted under Sections 5.3, 5.4 or 6.7) given to support payment of the Obligations, (viii) release all or

any material portion of the collateral under any Pledge Agreement (except as permitted pursuant to the terms of Sections 5.3, 5.4 or 6.7), (ix) extend the Facility Termination Date or the expiry date of any Facility LC to a date after the Facility Termination Date, or (x) amend this Section 9.6(a).

(b) Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Agreement shall be delivered by the Borrower to each Lender within two Business Days following the date on which the same shall have been executed and delivered by the requisite percentage of Lenders. The Borrower will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any Lender (in its capacity as such) as consideration for or as an inducement to the entering into by such Lender of any waiver or amendment of any of the terms and provisions of this Agreement unless such remuneration is concurrently paid, on the same terms, ratably to all such Lenders.

SECTION 9.7. No Margin Stock Collateral. Each of the Lenders represents to the Administrative Agent, each of the other Lenders and the Borrower that it in good faith is not, directly or indirectly (by negative pledge or otherwise), relying upon any Margin Stock as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.8. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of the Administrative Agent, the Lenders and the LC Issuer.

(b) Any Lender may at any time sell to one or more Persons (each a "Participant") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment hereunder or any other interest of such Lender hereunder. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan and Note for all purposes under this Agreement, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall a Lender that sells a participation be obligated to the Participant to take or refrain from taking any action hereunder except that such Lender may agree that it will not (except as provided below), without the consent of the Participant, agree to (i) the extension of any date fixed for the payment of principal of or interest on the related Loan or Loans, (ii) the reduction of the amount of any principal, interest or fees due on any date fixed for the payment thereof with respect to the related Loan or Loans, (iii) the reduction in the rate at which either interest is payable thereon or (if the Participant is entitled to any part thereof) facility fee is payable hereunder from the rate at which the Participant is entitled to receive interest or facility fee (as the case may be) in respect of such participation, or (iv) the reduction of any obligation owing under or the release of the Subsidiary Guarantee (except as permitted pursuant to the terms of Section 5.3, 5.4 or 6.7 in connection with the dissolution, sale or other

disposition of a Subsidiary Guarantor) given to support payment of the Loans. Each Lender selling a participating interest in any Loan, Note, Commitment or other interest under this Agreement, shall, within 10 Business Days of such sale, provide the Borrower and the Administrative Agent with written notification stating that such sale has occurred and identifying the Participant and the interest purchased by such Participant. The Borrower acknowledges and agrees that the benefits of Sections 2.19 through 2.22 shall continue in effect with respect to the full amount of each Lender's Loans and Commitment, notwithstanding its sale of participating interests therein as contemplated hereby.

(c) Any Lender may at any time transfer and assign to one or more banks or financial institutions (each an "Assignee") all, or a proportionate part of all, of its Outstanding Credit Exposure or other rights and obligations under this Agreement, the Notes, and any other Loan Documents, and such Assignee shall assume all such Outstanding Credit Exposure or other rights and obligations, pursuant to an Assignment Agreement in the form attached hereto as Exhibit E, executed by such Assignee, such transferor Lender and the Administrative Agent (and, in the case of an Assignee that is not then a Lender, by the Borrower); provided that (i) no interest may be sold pursuant to this paragraph (c) unless the Assignee shall agree to assume ratably equivalent portions of the transferor Lender's Commitment and obligations in respect of Facility LCs and Swing Line Loans, (ii) the amount of the Commitment of the transferor Lender subject to such assignment (determined as of the effective date of the assignment) shall be equal to \$5,000,000 (or any larger multiple of \$1,000,000) or, if less, the remaining amount of the transferor Lender's Commitment as of the date of such assignment, and (iii) so long as no Event of Default has occurred and is continuing, no interest may be sold by a Lender pursuant to this paragraph (c) to any Assignee that is not then a Lender, or an Affiliate of a Lender, without the prior written consent of the Borrower and the Administrative Agent (which consent of the Borrower and the Administrative Agent shall not be unreasonably withheld or delayed). Upon (A) execution of the Assignment Agreement by such transferor Lender, such Assignee, the Administrative Agent and (if applicable) the Borrower, (B) delivery of a Notice of Assignment and an executed copy of the Assignment Agreement to the Borrower and the Administrative Agent, (C) payment by such Assignee to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Assignee, and (D) payment of a processing and recordation fee of \$3,500 to the Administrative Agent, such Assignee shall, on the "Effective Date" as provided in the Assignment Agreement, for all purposes be a Lender party to this Agreement and shall have all the rights and obligations of a Lender under this Agreement to the same extent as if it were an original party hereto with a Commitment as set forth in such instrument of assumption, and the transferor Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by the Borrower, the Lenders, the LC Issuer or the Administrative Agent shall be required. Upon the consummation of any transfer to an Assignee pursuant to this paragraph (c), the transferor Lender, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to such Assignee and, if necessary, a new Note shall be issued to the transferor Lender.

(d) Subject to the provisions of Section 9.9, the Borrower authorizes each Lender to disclose to any Participant, Assignee or other transferee (each a "Transferee") and any prospective Transferee any and all financial information in such Lender's possession concerning

the Borrower which has been delivered to such Lender by the Borrower pursuant to this Agreement or which has been delivered to such Lender by the Borrower in connection with such Lender's credit evaluation prior to entering into this Agreement.

(e) Transferees shall be entitled to receive a greater payment under Section 2.19 or 2.20 than the transferor Lender would have been entitled to receive with respect to the rights transferred, only if such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 2.23 requiring such Lender to designate a different Lending Installation under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(f) Anything in this Section 9.8 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of the Loans and/or other Obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Loans and/or other Obligations made by the Borrower to the assigning and/or pledging Lender in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Loans and/or other Obligations to the extent of such payment. No such assignment shall release the assigning and/or pledging Lender from its obligations hereunder.

(g) The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other state laws based on the Uniform Electronic Transactions Act.

SECTION 9.9. Confidentiality. Each Lender agrees to exercise its reasonable efforts and in any event not less than the same degree of care as it uses to maintain its own confidential information in maintaining the confidentiality of any information delivered or made available by the Borrower to such Lender, which is clearly marked as constituting confidential information that is subject to Section 9.9 of this Credit Agreement, from any one other than persons employed or retained by such Lender who are or are expected to become engaged in evaluating, approving, structuring or administering the Loans; provided, however that nothing herein shall prevent any Lender from disclosing such information (i) to any other Lender or an affiliate of any Lender, subject to the confidentiality provisions of this Section 9.9, (ii) upon the order of any court or administrative agency, (iii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Lender, (iv) which has been publicly disclosed by means which are not violative of this Section 9.9, (v) to the extent reasonably required in connection with any litigation to which the Administrative Agent, any Lender or their respective Affiliates may be a party, (vi) to the extent reasonably required in connection with the exercise of any right, power of remedy hereunder or under any of the other Loan Documents, (vii) to such Lender's legal counsel and independent auditors, subject to the confidentiality provisions of this

Section 9.9 and (viii) to any actual or proposed Participant, Assignee or other Transferee of all or part of its rights hereunder that has agreed in writing (x) to be bound by the provisions of this Section 9.9, and (y) that the Borrower is a third party beneficiary of such agreement, and (z) to return all copies of the confidential information to the Administrative Agent if the proposed assignment or participation is not consummated. Notwithstanding anything herein to the contrary, confidential information shall not include, and each party hereto (and each employee, representative or other agent of any party hereto) may disclose to any and all Persons, without limitation of any kind, the U.S. federal tax treatment and U.S. federal income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are or have been provided to such party relating to such tax treatment or tax structure, and it is hereby confirmed that each party hereto has been authorized to make such disclosures since the commencement of discussions regarding the transactions contemplated hereby.

SECTION 9.10. Representation by Lenders. Each Lender hereby represents that it is a commercial lender or financial institution which makes Loans and other Credit Extensions in the ordinary course of its business and that it will make its Loans and other Credit Extensions hereunder for its own account in the ordinary course of such business; provided, however that, subject to Section 9.8, the disposition of the Loan or Loans held by that Lender shall at all times be within its exclusive control.

SECTION 9.11. Obligations Several. The obligations of each Lender, Swing Line Lender and LC Issuer hereunder are several, and none of them shall be responsible for the obligations or commitment of any other party hereunder. Nothing contained in this Agreement and no action taken by the Lenders, Swing Line Lender and LC Issuer pursuant hereto shall be deemed to constitute any of them to be a partnership, an, association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender, Swing Line Lender and LC Issuer shall be a separate and independent debt, and each Lender, Swing Line Lender and LC Issuer shall be entitled to protect and enforce its rights arising out of this Agreement or any other Loan Document and it shall not be necessary for any other of them to be joined as an additional party in any proceeding for such purpose.

SECTION 9.12. Georgia Law. This Agreement and each Note shall be construed in accordance with and governed by the law of the State of Georgia without regard to the effect of conflicts of laws.

SECTION 9.13. Interpretation. No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

SECTION 9.14. WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION. THE BORROWER (A) AND EACH OF THE LENDERS, SWING LINE LENDER, LC ISSUER, AND THE ADMINISTRATIVE AGENT IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, OR ANY OF THE

TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, (B) SUBMITS TO THE NONEXCLUSIVE PERSONAL JURISDICTION IN THE STATE OF GEORGIA, THE COURTS THEREOF AND THE UNITED STATES DISTRICT COURTS SITTING THEREIN, FOR THE ENFORCEMENT OF THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS, AND (C) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY JURISDICTION TO OBJECT ON ANY BASIS (INCLUDING, WITHOUT LIMITATION, INCONVENIENCE OF FORUM) TO JURISDICTION OR VENUE WITHIN THE STATE OF GEORGIA FOR THE PURPOSE OF LITIGATION TO ENFORCE THIS AGREEMENT, THE NOTES OR THE OTHER LOAN DOCUMENTS. NOTHING HEREIN CONTAINED, HOWEVER, SHALL PREVENT THE ADMINISTRATIVE AGENT, THE LENDERS, THE SWING LINE LENDER OR LC ISSUER FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS AGAINST THE BORROWER PERSONALLY, AND AGAINST ANY ASSETS OF THE BORROWER, WITHIN ANY OTHER STATE OR JURISDICTION.

SECTION 9.15. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 9.16. Severability. In case any one or more of the provisions contained in this Agreement, the Notes, Subsidiary Guarantee, Pledge Agreement(s), or any of the other Loan Documents should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

SECTION 9.17. Interest. In no event shall the amount of interest, and all charges, amounts or fees contracted for, charged or collected pursuant to this Agreement, the Notes or the other Loan Documents and deemed to be interest under applicable law (collectively, "Interest") exceed the highest rate of interest allowed by applicable law (the "Maximum Rate"), and in the event any such payment is inadvertently received by any Lender, then the excess sum (the "Excess") shall be credited as a payment of principal, unless the Borrower shall notify such Lender in writing that it elects to have the Excess returned forthwith. It is the express intent hereof that the Borrower not pay and the Lenders not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law. The right to accelerate maturity of any of the Loans and other Obligations does not include the right to accelerate any interest that has not otherwise accrued on the date of such acceleration, and the Administrative Agent and the Lenders do not intend to collect any unearned interest in the event of any such acceleration. All monies paid to the Administrative Agent or the Lenders hereunder or under any of the Notes or the other Loan Documents, whether at maturity or by prepayment, shall be subject to rebate of unearned interest as and to the extent required by applicable law. By the execution of this Agreement, the Borrower covenants, to the fullest extent permitted by law, that (i) the credit or return of any Excess shall constitute the acceptance by the Borrower of such Excess, and (ii) the Borrower shall not seek or pursue any other remedy, legal or equitable, against the Administrative Agent or any Lender, based in whole or in part upon contracting for charging or receiving any Interest in excess of the Maximum Rate. For the purpose of determining whether or not any Excess has been contracted for, charged or received

by the Administrative Agent or any Lender, all interest at any time contracted for, charged or received from the Borrower in connection with this Agreement, the Notes or any of the other Loan Documents shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread in equal parts throughout the full term of the Commitments. The Borrower, the Administrative Agent and each Lender shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee or premium rather than as Interest and (ii) exclude voluntary prepayments and the effects thereof. The provisions of this Section shall be deemed to be incorporated into each Note and each of the other Loan Documents (whether or not any provision of this Section is referred to therein). All such Loan Documents and communications relating to any Interest owed by the Borrower and all figures set forth therein shall, for the sole purpose of computing the extent of obligations hereunder and under the Notes and the other Loan Documents be automatically recomputed by the Borrower, and by any court considering the same, to give effect to the adjustments or credits required by this Section.

SECTION 9.18. Replacement of Lenders.

If (i) any Lender demands payment of amounts pursuant to Sections 2.19, 2.20 or 2.24 that exceed comparable amounts being demanded by the other Lenders in respect of the circumstances described in either such Section, or (ii) any Lender sends the Borrower a notice of violation of applicable law, rule, regulation, or directive pursuant to Section 2.21 and such notice is not sent by the other Lenders or (iii) any Lender shall fail or refuse to fund its obligations under this Agreement within the time period specified for such funding, then in any such case the Borrower may, in its sole discretion and at its sole expense, on 10 Business Days' prior notice to the Administrative Agent and the affected Lender, cause such Lender to (and such Lender shall) assign, pursuant to Section 9.8(c), all of its rights and obligations under this Agreement to a financial institution designated by the Borrower that is willing to become a Lender, such assignment to be made upon payment to the assigning Lender of an amount equal to the outstanding principal amount of the Loans payable to such Lender plus all accrued but unpaid interest on such Loans, all accrued but unpaid fees with respect to such Lender's Commitment, the assumption of such Lender's obligations in respect of all LC Obligations and Swing Line Loans, and all other amounts payable to such Lender under this Agreement. Without limiting the foregoing, the Borrower may in lieu of finding a replacement Lender for the affected Lender, elect to reduce the Aggregate Commitment by the amount of the Commitment of such affected Lender.

SECTION 9.19. LIMITATION OF DAMAGES. NEITHER THE ADMINISTRATIVE AGENT NOR ANY OF THE LENDERS SHALL BE RESPONSIBLE OR LIABLE TO ANY PERSON OR ENTITY FOR ANY PUNITIVE OR EXEMPLARY DAMAGES WHICH MAY BE ALLEGED AGAINST THE ADMINISTRATIVE AGENT IN ITS AGENCY CAPACITY OR AGAINST ANY OF THE LENDERS AS A RESULT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 9.20. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA patriot Act of 2001, 31 U.S.C. Section 5318.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, if the Borrower is an individual, the Administrative Agent and the Lenders will ask for the Borrower's name, residential address, tax identification number, date of birth, and other information that will allow the Administrative Agent and the Lenders to identify the Borrower, and, if the Borrower is not an individual, the Administrative Agent and the Lenders will ask for the Borrower's name, tax identification number, business address, and other information that will allow the Administrative Agent and the Lender to identify the Borrower. The Administrative Agent and the Lender may also ask, if the Borrower is an individual, to see the Borrower's driver's license or other identifying documents, and, if the Borrower is not an individual to see the Borrower's legal organizational documents or other identifying documents.

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

GLOBAL PAYMENTS INC.

Address for Notices:

Four Corporate Square
Atlanta, Georgia 30329-2009
Attention: Suellyn P. Tornay, Esq.
Telecopier No.: 404/728-3278

By: /s/ James G. Kelly

Name: James G. Kelly
Title: Executive Vice President and
Chief Financial Officer

[Signature Page to Credit Agreement]

BANK ONE, NA,
as Administrative Agent, LC Issuer,
Swing Line Lender, and Lender

Address for Notices:

Bank One Plaza
Mail Suite 0324, Tenth Floor
Chicago, Illinois 60670
Attention: David McNeela
Telecopier No.: 312/732-2991

By: /s/ Sabir A. Hashmy

Name: Sabir A. Hashmy
Title: Director

Lending Installation:

Bank One Plaza
Chicago, Illinois 60670

SYNDICATED LOAN COMMITMENT:

\$75,000,000

SWING LINE COMMITMENT:

\$30,000,000

[Signature Page to Credit Agreement]

SUNTRUST BANK,
as Syndication Agent and Lender

Address for Notices:

SunTrust Plaza
303 Peachtree Street, NE
3rd Floor, MC-1921
Atlanta, GA 30308
Attention: Brian Peters
Telecopier No.: 404/588-8833

By: _____ /s/ Brian K. Peters

Name: Brian K. Peters
Title: Managing Director

Lending Installation:

SunTrust Plaza
303 Peachtree Street, N.E.
Atlanta, GA 30308

SYNDICATED LOAN COMMITMENT:

\$70,000,000

[Signature Page to Credit Agreement]

BANK OF AMERICA, N.A.,
as Co-Documentation Agent and Lender

Address for Notices:

Bank of America, N.A. Title:
Mail Code: GA1-006-13-15
600 Peachtree Street, N.E., 13th Floor
Atlanta, GA 30308-2214
Attention: David Jackson
Telecopier No.: 404/607-6343

By: /s/ David B. Jackson

Name: David B. Jackson
Title: Senior Vice President

Lending Installation:

Bank of America Plaza
600 Peachtree Street, N.E.
Atlanta, GA 30308

SYNDICATED LOAN COMMITMENT:

\$50,000,000

[Signature Page to Credit Agreement]

WACHOVIA BANK,
NATIONAL ASSOCIATION,
as Co-Documentation Agent and Lender

Address for Notices:

Wachovia Bank, National Association
191 Peachtree Street, NE
GA 8050
Atlanta, GA 30303
Attention: Steven L. Hipsman
Telecopier No.: (404) 332-4058

By: /s/ Steven L. Hipsman

Name: Steven L. Hipsman
Title: Director

Lending Installation:

201 S. College Street
Charlotte, NC 28244-0002

SYNDICATED LOAN COMMITMENT:

\$50,000,000

[Signature Page to Credit Agreement]

KEYBANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and Lender

Address for Notices:

127 Public Square, 4th Floor
Cleveland, OH 44114
Attention: Jeff Kalinowski
Telecopier No.: (216) 689-8329

By: /s/ Jeff Kalinowski

Name: Jeff Kalinowski
Title: Vice President

Lending Installation:

127 Public Square, 4th Floor
Cleveland, OH 44114

SYNDICATED LOAN COMMITMENT:

\$50,000,000

[Signature Page to Credit Agreement]

COMERICA BANK,
as Lender

Address for Notices:

500 Woodward Avenue
MC 3279
Detroit, MI 48226
Attention: Sherri Carter
Telecopier No.: 313/222-3330

By: /s/ Richard C. Hampson

Name: Richard C. Hampson
Title: Vice President

Lending Installation:

Comerica Bank
500 Woodward Avenue
Detroit, MI 48226

SYNDICATED LOAN COMMITMENT:

\$30,000,000

[Signature Page to Credit Agreement]

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Lender

Address for Notices:

Sixth and Marquette
Third Floor
Minneapolis, MN 55479
Attention: Paula Neil
Telecopier No.: 612-667-4145

By: /s/ William J. Darby

Name: William J. Darby
Title: Vice President

By: /s/ Alex Idichandy

Name: Alex Idichandy
Title: Vice President

Lending Installation:

Sixth and Marquette, Third Floor
Minneapolis, MN 55479

SYNDICATED LOAN COMMITMENT:

\$25,000,000

[Signature Page to Credit Agreement]

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

I, Paul R. Garcia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Payments Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986];
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: January 14, 2004

By: _____ /s/ PAUL R. GARCIA

Paul R. Garcia
Chief Executive Officer

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

I, James G. Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Payments Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986];
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: January 14, 2004

By: _____ /s/ JAMES G. KELLY

**James G. Kelly
Chief Financial Officer**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of the Global Payments Inc. on Form 10-Q for the period ended November 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Paul R. Garcia, Chief Executive Officer of Global Payments Inc. (the "Company"), and James G. Kelly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ PAUL R. GARCIA

/s/ JAMES G. KELLY

Paul R. Garcia
Chief Executive Officer
Global Payments Inc.
January 14, 2004

James G. Kelly
Chief Financial Officer
Global Payments Inc.
January 14, 2004

A signed original of this written statement required by Section 906 has been provided to Global Payments Inc. and will be retained by Global Payments Inc. and furnished to the Securities and Exchange Commission upon request.

RISK FACTORS

Our revenues from the sale of services to merchants that accept VISA cards and MasterCard cards are dependent upon our continued VISA and MasterCard certification and financial institution sponsorship.

In order to provide our transaction processing services, we must be designated a certified processor by, and be a member service provider of, MasterCard and an independent sales organization of VISA. These designations are dependent upon our being sponsored by member clearing banks of both organizations and our continuing adherence to the standards of the VISA and MasterCard associations. The member financial institutions of VISA and MasterCard, some of which are our competitors, set the standards with which we must comply. If we fail to comply with these standards, our designation as a certified processor, a member service provider or as an independent sales organization could be suspended or terminated. The termination of our member service provider status or our status as a certified processor, or any changes in the VISA and MasterCard rules that prevent our registration or otherwise limit our ability to provide transaction processing services to merchant customers that accept VISA cards and MasterCard cards would most likely result in the loss of these merchant customers and lead to a reduction in our revenues.

Loss of key Independent Sales Organizations or ISO's could reduce our revenue growth.

Our ISO sales channel, which purchases and resells our end-to-end services to its own portfolio of merchant customers, is a strong contributor to our revenue growth. If an ISO switches to another transaction processor, we will no longer receive new merchant referrals from the ISO. In addition, we risk losing existing merchants that were originally enrolled by the ISO. Consequently, if a key ISO switches to another transaction processor, our revenues and earnings could be negatively affected.

With significant operations in Canada and our recent entry into the consumer electronic money transfer market from the U.S. to the Latin American corridor, we are exposed to foreign currency risks. We are also subject to risks from our variable rate credit facility with Canadian Imperial Bank of Commerce, or CIBC, that could reduce our earnings and significantly increase our cost of capital.

As a result of acquiring the assets of CIBC's merchant acquiring business and National Bank's merchant acquiring business, we have significant operations in Canada which are denominated in Canadian dollars. The repatriation of our earnings in Canada will subject us to the risk that currency exchange rates between Canada and the U.S. will fluctuate and we will lose some of our earnings when they are exchanged into U.S. dollars.

In addition, our consumer money transfer operations subject us to foreign currency exchange risks as our customers deposit U.S. dollars at our branch and agent locations in the U.S. and we deliver funds denominated in the home country currencies to beneficiaries in Mexico and other Latin American countries.

Additionally, our credit facility with CIBC carries an interest rate based on the Canadian Dollar LIBOR (C\$LIBOR). This rate will fluctuate with market rates, and if it increases, our cost of capital will also increase which will reduce our earnings from operations. The credit facility currently expires on February 28, 2004 and is renewable only with the consent of CIBC. CIBC may choose not to renew the credit facility at which point we will have to find alternative financing or fund the Canadian merchants ourselves. Alternative financing may carry a higher interest rate which would reduce our earnings from operations. We may not have the cash flow necessary to fund the Canadian merchants ourselves, and we may lose those customers as a result.

Some of our competitors are larger and have greater financial and operational resources than we do which may give them an advantage in our market in terms of the price offered to customers or the ability to develop new technologies.

We operate in the electronic payments and money transfer industries. Our primary competitors in this industry include other independent processors and electronic money transmitters, as well as certain major national and regional banks, financial institutions and independent sales organizations. According to industry reports such as *The*

Nilson Report, First Data Corporation and its affiliates is the largest competitor in both the electronic payments and money transfer industries. First Data Corporation and others who are larger than we are, have greater financial and operational resources than we have. This may allow them to offer better pricing terms to customers in the industry, which could result in a loss of our potential or current customers or could force us to lower our prices as well. Either of these actions could have a significant effect on our revenues. In addition, our competitors may have the ability to devote more financial and operational resources than we can to the development of new technologies, including internet payment processing services that provide improved operating functionality and features to their product and service offerings. If successful, their development efforts could render our product and service offerings less desirable to customers, again resulting in the loss of customers or a reduction in the price we could demand for our offerings.

We are subject to the business cycles and credit risk of our merchant customers.

A recessionary economic environment could affect our merchants through a higher rate of bankruptcy filings resulting in lower revenues and profits for us. Our merchants have the liability for any charges properly reversed by the cardholder. In the event, however, that we are not able to collect such amounts from the merchants, due to merchant fraud, insolvency, bankruptcy or another reason, we may be liable for any such charges. Any risks associated with an unexpected recessionary economy that we could not mitigate may result in lower profits and revenues and earnings for us.

In order to remain competitive and continue to increase our revenues, we must continually update our products and services, a process which could result in increased research and development costs in excess of historical levels and the loss of revenues and customers if the new products and services do not perform as intended or are not accepted in the marketplace.

The electronic payments and consumer money transfer markets in which we compete include a wide range of products and services including electronic transaction processing, consumer money transfer, reporting on transactions and other customer support services. These markets are characterized by technological change, new product introductions, evolving industry standards and changing customer needs. In order to remain competitive, we are continually involved in a number of research and development projects. These projects carry the risks associated with any research and development effort, including cost overruns, delays in delivery and performance problems, but in the electronic payments and consumer money transfer markets these risks are even more acute. Our markets are constantly experiencing rapid technological change. Any delay in the delivery of new products or services could render them less desirable by our customers, or possibly even obsolete. In addition, the products and services we deliver to the electronic payments and consumer money transfer markets are designed to process very complex transactions and deliver reports and other information on those transactions, all at very high volumes and processing speeds. Any performance issue that arises with a new product or service could result in significant processing or reporting errors. As a result of these factors, our research and development efforts could result in increased costs that could reduce our operating profit, a loss of revenue if promised new products are not timely delivered to our customers, or a loss of revenue or possible claims for damages if new products and services do not perform as anticipated.

Security breaches or system failures could harm our reputation and adversely affect future profits.

We collect personal consumer data, such as names, credit and debit account numbers, checking account numbers, and payment history records. We process that data, and deliver our products and services, utilizing computer systems and telecommunications networks operated both by us and by third party service providers. Although plans and procedures are in place to protect our sensitive data and to prevent failure of, and to provide backup for our systems, we cannot be certain that our measures always will be successful. A security breach or other misuse of our data, or failures of key operating systems and their back-ups, could harm our reputation and deter customers from using our products and services, increase our operating expenses in order to correct the breaches or failures, or expose us to unbudgeted or uninsured liability.

Reduced levels of consumer spending can adversely affect our revenues.

A significant portion of our revenues is derived from fees from processing consumer credit card and debit card transactions. While consumer spending in the U.S. may be recovering, continued sluggishness of the U.S. economy or recession in the international economies where we do business could negatively impact consumer spending and adversely affect our revenues and earnings.

Changes in state, federal and foreign laws and regulations affecting the consumer electronic money transfer industry might make it more difficult for our customers to initiate money transfers which would adversely affect our revenues.

If state, federal or foreign authorities adopt new legislation or impose new regulations that make it more difficult for our customers to initiate or their beneficiaries to receive electronic money transfers, then our revenues may be negatively affected.

Changes in immigration patterns can adversely affect our revenues from consumer electronic money transfers.

Our consumer electronic money transfer business primarily focuses on customers who immigrate to the U.S. from Latin American countries in order to find higher paying jobs and then send a portion of their earnings to beneficiaries in Latin America. Any changes in federal policies toward immigration may negatively affect the number of immigrants in the U.S. from Latin American countries, which may reduce our customer base and the corresponding revenues related thereto.

In order for us to continue to grow and increase our profitability, we must continue to expand our share of the existing electronic transaction processing market and also expand into new markets.

Our future growth and profitability depends upon our continued expansion within the electronic transaction processing markets in which we currently operate including the electronic payments market and the consumer money transfer market, the further expansion of these markets, the emergence of other markets for electronic transaction processing, including internet payment systems, and our ability to penetrate these markets. As part of our strategy to achieve this expansion, we are continually looking for acquisition opportunities, investments and alliance relationships with other businesses that will allow us to increase our market penetration, technological capabilities, product offerings and distribution capabilities. We may not be able to successfully identify suitable acquisition, investment and alliance candidates in the future, and if we do, they may not provide us with the benefits we anticipated. Once completed, investments and alliances may not realize the value that we expect.

Our expansion into new markets is also dependent upon our ability to apply our existing technology or to develop new applications to meet the particular service needs of each new electronic transaction processing market. We may not have adequate financial and technological resources to develop products and distribution channels that will satisfy the demands of these new markets. If we fail to expand into new and existing electronic transaction processing markets, we may not be able to continue to grow our revenues and earnings.

As a result of the ownership by CIBC of approximately 24% of our common stock, certain banking regulations limit the types of business in which we can engage.

As a result of CIBC's ownership of approximately 24% of our common stock and in order not to jeopardize CIBC's investment in us, we are subject to the same restrictions on our business activities as are applicable to CIBC. As a general matter, we are able to operate our merchant service and money transfer businesses as we have historically, but our ability to expand into unrelated businesses may be limited unless they are activities permitted under the Bank Holding Company Act or permitted by the Federal Reserve Board (the primary U.S. federal regulator for CIBC and its U.S.-based subsidiaries). Under U.S. banking law, CIBC may hold more than 5% of the outstanding voting shares of a company only if the company engages in activities that are permissible for CIBC. These restrictions are contained in the Bank Holding Company Act, as amended by the Gramm-Leach-Bliley Act. These restrictions on our business activities would also apply to any investments or alliances that we might consider.

The Bank Holding Company Act limits CIBC, its subsidiaries, and the companies in which CIBC holds more than 5% of the outstanding voting shares, to activities that are closely related to the business of banking. Under the

Gramm-Leach-Bliley amendments, certain well-managed and well-capitalized companies may elect to be treated as “financial holding companies,” and may thus also engage in certain financial activities such as insurance and securities underwriting. CIBC has elected to be a financial holding company. If CIBC ever fails to maintain its status as a financial holding company, they and we would lose the benefit of the expanded activities provided by the Gramm-Leach-Bliley amendments and may have to divest of certain businesses or investments.

If CIBC were to own 25% of more of our common shares, were to control the election of a majority of our directors, were deemed by the Federal Reserve Board to exercise a controlling influence over us, or were able to condition certain transfers of more than 25% of our common stock, we would be treated as a subsidiary of CIBC. In this event, we would be subject to the same activities limitations and would directly be subject to examinations by and regulatory requirements of the Federal Reserve Board.

Additionally, CIBC is subject to Canadian banking regulations, specifically the *Bank Act* (Canada), which among other things limits the types of business which CIBC may conduct, directly or indirectly, and the types of investments which CIBC may make. CIBC’s shareholding in our company is currently permitted under the *Bank Act*. The *Bank Act*, except as we have discussed, does not otherwise apply to us.

If we undertake businesses inconsistent with the businesses in which CIBC is permitted to hold an interest, CIBC may be required, pursuant to the provisions of the *Bank Act*, to dispose of its shares prior to the expiration of the restrictions on re-sale that we have negotiated with CIBC.

We have agreed with CIBC, in effect, that we will not undertake any business inconsistent with the applicable provisions of the *Bank Act*. Our ability to expand into other businesses will be governed by the undertaking and the applicable provisions of Canadian banking legislation at the relevant time. For a more complete discussion of the banking regulations to which we are subject, please see “Business—Banking Regulations” in our Annual Report on Form 10-K.

We are dependent on NDCHealth Corporation, or NDCHealth, for the provision of critical telecommunications services, network systems and other related services for the operation of our business, and the failure of NDCHealth to provide those services in a satisfactory manner could affect our relationships with customers and our financial performance.

Under the terms of the intercompany systems/network services agreement between NDCHealth and us, NDCHealth will provide us with a continuation of the telecommunication services from the carriers who have and will continue to provide telecommunication services to NDCHealth, including engineering and procurement. In addition, NDCHealth will supply us with the necessary network systems services, including operations and administrative services and computing hardware and software facilities, technical support for transaction processing, cash management and file transfer and communications hardware and software system services. These services, especially telecommunications services, are an essential communications link between us and our customers and an essential component of the services that we provide. If NDCHealth should not continue to perform these services efficiently and effectively, our relationships with our customers may be adversely affected and customers may terminate their use of our services. If we are not able to successfully develop the capacity to provide these services prior to the expiration of our agreement with NDCHealth or if NDCHealth does not provide such services in an efficient and effective manner during the term of that agreement, we are not certain whether we could locate alternative sources of such services, particularly telecommunications services, or that, if available, such services would be available on favorable terms.

Increases in credit card association fees may result in the loss of customers or a reduction in our profit margin.

From time to time, VISA and MasterCard increase the interchange fees that they charge processors such as us. We could attempt to pass these increases along to our merchant customers, but this might result in the loss of those customers to our competitors who do not pass along the increases. If competitive practices prevent our passing along all such increased fees to our merchant customers in the future, we would have to absorb a portion of such increases thereby increasing our operating costs and reducing our profit margin.

Utility and system interruptions or processing errors could adversely affect our operations.

In order to process transactions promptly, our computer equipment and network servers must be functional on a 24-hour basis, which requires access to telecommunications facilities and the availability of electricity. Further, with respect to certain processing services, we are dependent on the systems and services of third party vendors. Telecommunications services and the electricity supply are susceptible to disruption. Computer system interruptions and other processing errors, whether involving our own systems or our third party vendor's system, may result from such disruption or from human error or other unrelated causes. Any extensive or long-term disruptions in our processing services could cause us to incur substantial additional expense, which could have an adverse effect on our operations and financial condition.

Continued consolidation in the banking and retail industries could adversely affect our growth.

As banks continue to consolidate, our ability to successfully offer our services through the indirect channel will depend in part on whether the institutions that survive are willing to outsource their credit and debit processing to third-party vendors and whether those institutions have pre-existing relationships with any of our competitors. Larger banks and larger merchants with greater transaction volumes may demand lower fees which could result in lower operating margins for us.

Loss of strategic industries could reduce revenues and earnings.

Although our merchant acquiring portfolio is well diversified and neither one economic sector nor any customer concentration represents a significant portion of our business, a decrease in strategic industries could cause us to lose significant revenues and earnings. Unexpected and significant declines in travel and entertainment or other industries may impact our business and result in decreases in revenues and profits.

The conviction of our former independent auditors, Arthur Andersen LLP, on federal obstruction of justice charges may adversely affect Arthur Andersen LLP's ability to satisfy any claims arising from the provision of auditing services to us and may impede our access to the capital markets.

Arthur Andersen LLP, which audited our financial statements for the years ended May 31, 2001 and 2000, was indicted in March 2002 on federal obstruction of justice charges arising from the government's investigation of Enron Corporation. Arthur Andersen was tried on such charges by a jury and found guilty on June 15, 2002. In light of the jury verdict and the underlying events, Arthur Andersen LLP stopped practicing before the Commission. The SEC has stated that, for the time being, it will continue accepting financial statements audited by Arthur Andersen LLP. Arthur Andersen LLP would not have the ability to satisfy any claims arising from its provision of auditing services to us, including claims that could arise out of Arthur Andersen LLP's audit of our financial statements included in our periodic reports, prospectuses or registration statements filed with the SEC.

Should we seek to access the public capital markets, SEC rules will require us to include or incorporate by reference in any prospectus three years of audited financial statements. The SEC's current rules would require us to present audited financial statements for one or more fiscal years audited by Arthur Andersen LLP and obtain their consent and representations until our audited financial statements for the fiscal year ending May 31, 2004 become available in the first quarter ended August 31, 2004. We would not be able to obtain the necessary consent and representations from Arthur Andersen LLP. As a result, we would not be able to satisfy the SEC requirements for a registration statement or for our periodic reports. Even if the SEC decides to accept financial statements previously audited by Arthur Andersen LLP, but without their current consent and representations, those financial statements would not provide us and any underwriters with the same level of protection under the securities laws, as would otherwise be the case. In either of these situations, our access to the capital markets would be impaired unless Deloitte & Touche LLP, our current independent accounting firm, or another independent accounting firm, is able to audit the financial statements originally audited by Arthur Anderson LLP. Any delay or inability to access the public capital markets caused by these circumstances could have a material adverse effect on our business, profitability and growth prospects.

If we lose key personnel or are unable to attract additional qualified personnel as we grow, our business could be adversely affected.

We are dependent upon the ability and experience of a number of our key personnel who have substantial experience with our operation, the rapidly changing transaction processing and money transfer industries, and the selected markets in which we offer our services. It is possible that the loss of the services of one or a combination of our key personnel would have an adverse effect on our operation. Our success also depends on our ability to continue to attract, manage, and retain additional qualified management and technical personnel as we grow. We cannot assure you that we will continue to attract or retain such personnel.

We may become subject to additional U.S. state taxes that cannot be passed through to our merchant customers, in which case our profitability could be adversely affected.

Transaction processing companies like us may be subject to taxation by various U.S. states on certain portions of our fees charged to customers for our services. Application of these taxes is an emerging issue in our industry and the states have not yet adopted uniform regulations on this topic. If we are required to pay such taxes and are not able to pass the tax expense through to our merchant customers, our operating costs will increase, reducing our profit margin.

Anti-takeover provisions of our articles of incorporation and by-laws, our rights agreement and provisions of Georgia law could delay or prevent a change of control that you may favor.

Provisions of our articles of incorporation and by-laws, our rights agreement and provisions of applicable Georgia law may discourage, delay or prevent a merger or other change of control that shareholders may consider favorable. The provisions of our articles and by-laws, among other things,

- divide our board of directors into three classes, with members of each class to be elected in staggered three-year terms;
- limit the right of shareholders to remove directors;
- regulate how shareholders may present proposals or nominate directors for election at annual meetings of shareholders; and
- authorize our board of directors to issue preferred shares in one or more series, without shareholder approval.

Also, under Section 355(e) of the Internal Revenue Code, the spin-off from NDCHealth will be treated as a taxable transaction if one or more persons acquire directly or indirectly 50% or more of our or NDCHealth's stock (measured by vote or value) as part of a plan or series of related transactions that is linked to the spin-off under the rules of Section 355(e). For this purpose, any acquisitions of our stock or NDCHealth stock within two years before or after the spin-off are presumed to be part of such a plan, although NDCHealth or we may be able to rebut that presumption. If such an acquisition of our stock triggers the application of Section 355(e), under the tax sharing agreement, we would be required to indemnify NDCHealth for the resulting tax. This indemnity obligation might discourage, delay or prevent a change of control that shareholders may consider favorable.

We may not be able or we may decide not to pay dividends at a level anticipated by shareholders on our common stock, which could reduce your return on shares you hold.

The payment of dividends is at the discretion of our board of directors and will be subject to our financial results, our working capital requirements, the availability of surplus funds to pay dividends and restrictions under our credit facility. No assurance can be given that we will be able to or will choose to pay any dividends in the foreseeable future.